JPRS 78307

16 June 1981

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2137

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CONTENTS

INTERNATIONAL AFFAIRS

Yugoslav-Czechoslovak Trade, Cooperation Since 1976 Viewed
(Jaroslava Markova; TECHNIKA, No 3, 1981).......................... 1

Briefs

CEMA Commission on Building 4
CEMA Commission on Statistics 4

CZECHOSLOVAKIA

Briefs

Trade Talks With Portugal 5
Absenteeism Increasing 5
Cooperation With Poland 5
Slovak Meat Procurement 5
CSSR Tourist Travel Modalities 5
Foreign Trainees in CSSR 6

GERMAN DEMOCRATIC REPUBLIC

Mittag on Flexibility in Planned Economy, Role of Combines
(Guenter Mittag; EINHEIT, Apr-May 81).............................. 7

Measures To Improve Agricultural Production Outlined
(Helmut Schieck, Harry Reimann; EINHEIT, Apr-May 81)............. 17

Chemical Industry Tasks for 1981-85 Period Outlined
(Guenther Wyschofsky; CHEMISCHE TECHNIK, Apr 81)................. 25

HUNGARY

Hungarian-Algerian Economic Relations Described
(Endre Gomori; MAGYARORSZAG, 10 May 81)........................... 36

Effects of International Economic Environment Weighed
(Andras Koves; NEPSZABADSAG, 22 Apr 81)........................... 41

Slow Reduction in State Subsidies Noted
(Antal Pongracz Interview; HETI VILAGGAZDASAG, 2 May 81)........ 45

Forms of Business Associations Identified
(Agnes Csermenyes, Ivan Gara; HETI VILAGGAZDASAG, 2 May 81)..... 49

ROMANIA

Interview With Secretary of Commerce Baldrige
(Malcolm Baldrige Interview; ROMANIA LIBERA, 20 May 81).......... 53

Machine Building Minister Discusses Development Plans
(ERA SOCIALISTA, 20 Feb 81).. 55

Briefs
Development of Merchant Fleet 65

YUGOSLAVIA

Foreign Exchange Needs Discussed
(Djuro Zagorac; VJESNIK, 25 Apr 81)................................ 66

Exports of Livestock, Meat for 1979, 1980 Given
(Milenko Nikitovic; GLASNIK POLJOPRIVREDNE PROIZVODNJE,
PRERADE I PLASMANA, Apr 81)...................... 70

YUGOSLAV-CZECHOSLOVAK TRADE, COOPERATION SINCE 1976 VIEWED

Belgrade TEHNIKA in Serbo-Croatian No 3, 1981 pp 539-540

[Article by Jaroslava Markova]

[Text] Economic cooperation between the Czechoslovak Socialist Republic and the Socialist Federal Republic of Yugoslavia has been developing on the principles of equality and mutual benefit. Trade between Czechoslovakia and Yugoslavia has recorded a dynamic growth, in the recent past particularly. Aside from the complementary character of the economies of the two countries, this has been furthered by Yugoslavia's ever deeper participation in the work of the Council for Economic Mutual Assistance (CEMA). Czechoslovak statistics (figures in millions of korunas and in prices free at the border of the supplier country) show a systematic growth of Czechoslovak-Yugoslav trade:

	1976	1977	1978	1979
Total trade	3,547	3,742.00	3,997.00	4,770.00
Growth, in percentage	100	105.49	112.68	134.47
Czechoslovak imports	1,644	1,611.00	1,830.00	2,198.00
Growth, in percentage	100	97.99	11.31	133.69
Czechoslovak exports	1,903	2,131.00	2,167.00	2,572.00
Growth, in percentage	100	111.98	113.87	135.15
Czechoslovak trade surplus	259	520.00	337.00	374.00

Trade between Czechoslovakia and Yugoslavia in 1979 grew 19.3 percent over the previous year. The services which Yugoslavia is rendering to Czechoslovakia, above all in transportation, tourism and deliveries of construction work items, are playing a large role in economic cooperation between the two countries. The principal import among Czechoslovak exports to Yugoslavia consists of machines and transportation equipment--nonpower machines and equipment, highway motor vehicles, metal-working machines, agricultural machines and equipment, power machines and machinery, machines for the textile and leather industries, railroad rolling stock, and so on. Other export items consist above all of metallurgical products, coal, synthetics, organic chemicals, clothing, medical and pharmaceutical products, and scientific, monitoring and measuring apparatus. Machines and transportation equipment--nonpower machines and equipment, metal-working machines, telecommunications equipment, highway motor vehicles, and so on, constitute the principal item in

Czechoslovak imports from Yugoslavia. The principal imports which follow are copper, zinc, tobacco products, iron and steel, aluminum, chemical elements and compounds, ores and concentrates of nonferrous metals, corn, fruit, fish products, furniture and footwear. In 1980 Czechoslovak-Yugoslav trade continued its rapid development. Czechoslovak statistics show the results from the beginning of January to the end of May 1980 in a comparison with the same period of 1979:

	January-May	
	1979	1980
Total trade (millions of korunas)	1,577	1,816.00
Growth, in percentage	100	115.16
Czechoslovak imports	595	808.00
Czechoslovak exports	982	1,008.00
Czechoslovak trade surplus	387	200.00

In addition to commodity trade, higher forms of economic cooperation--specialization and cooperation in production--have also been developing effectively between Czechoslovakia and Yugoslavia. Some 28 Czechoslovak-Yugoslav contracts have been signed and put into effect along these lines; they concern cooperation especially in the production of drills, hand tools, electrical measuring systems, air-cleaning equipment, machines for manufacturing synthetics and rubber products, automatic washing machines, refrigerators, television equipment, hydraulic dredges and street car propulsion motors. In 1980 a number of Czechoslovak-Yugoslav negotiations were conducted; they have strengthened cooperation between the two countries. Czechoslovak Premier Lubomir Strougal received Momcilo Cemovic, chairman of the Executive Council of the Assembly of the Socialist Republic of Montenegro, in Prague and among other things talked with him about long-term economic cooperation, industrial cooperation particularly. Jindrich Zahradnik, Czechoslovak deputy premier, and Nikola Kmezic, chairman of the Executive Council of the Assembly of the Socialist Autonomous Province of Vojvodina, signed a document in Prague on mutual cooperation which pays particular attention to extension of relations in the economic field. Ante Zelic, chairman of the Yugoslav Federal Committee for Transportation and Communications, discussed in Prague aspects of transportation of Yugoslav goods in Yugoslav ships and through Yugoslav seaports. And Josip Vrhovec, Yugoslav federal secretary for foreign affairs, held talks during a visit to Czechoslovakia on a broad range of matters related to development of cooperation between the two countries.

The year 1980 was the final year of implementation of the fourth long-term treaty between Czechoslovakia and Yugoslavia on trade and payments covering the period 1976-1980. Goals which were set were achieved even by end-July 1980.

Among the important contracts concluded in 1980 we will mention only one: the contract between the Czechoslovak foreign trade enterprise Skodaexport and the Yugoslav firm Agrovojvodina. Under that contract Czechoslovakia will deliver equipment for thermal electric power plants at Pancevo and Zrenjanin, and the Yugoslav firm will deliver river vessels, electric motors, sunflower oil, drugs, etc. The value of the contract exceeds the amount of 1 billion korunas. This is the largest contract between Czechoslovak and Yugoslav enterprises to date.

Economic cooperation between Czechoslovakia and Yugoslavia will continue to develop. The Czechoslovak Zavody vitezneho unora [Victorious February Plants] in Hradec Kralove (eastern Bohemia) will deliver to Yugoslavia during the 1981-1983 period equipment for a brewery with an annual output of 250,000 hectoliters of beer. The Yugoslav partner at the same time purchased a license to manufacture the Czechoslovak beer Radegast.

In Sisak, where a modern factory is being built to produce drawn (seamless) pipe, the Czechoslovak enterprise Vitkovice of Ostrava (northern Moravia) will deliver equipment valued at 2.5 billion korunas. This will thus help to erect the factory, whose annual output will be 200,000 tons of pipe, which will meet Yugoslav needs and make it possible to export this product.

The working group for cooperation in the chemical industry, formed under the auspices of the Joint Czechoslovak-Yugoslav Commission for Economic and Scientific-Technical Cooperation, has recommended that the life of existing contracts be extended and that they be broadened. It is expected that during the 1981-1985 period the value of Czechoslovak-Yugoslav industrial cooperation will triple the results for the period 1976-1980.

7045
CSO: 2800

BRIEFS

CEMA COMMISSION ON BUILDING--Bucharest, 29 May (AGERPRES)--The 51st meeting of the CEMA Standing Commission on Collaboration in Building took place in Bucharest on 25-28 May 1981. The commission analyzed the way how the provisions of the complex program were fulfilled in the collaboration in building, building materials industry and glass and ceramics industry, and actions were agreed upon, meant to help enlarging and deepening the collaboration in these domains, especially for the development of new and efficient building materials, modern construction technologies, for raising labor productivity, lowering the energy consumption and turning to use more than so far the reusable raw materials in the building materials industry. The commission examined and set the priorities of development of the multilateral collaboration in the production and use of concrete iron [as received], monolithic and prefab alike, in industrial, agro-zootechnical, housing and socio-cultural buildings. The participants in the meeting approached also other questions of economic and technico-scientific collaboration and cooperation, agreeing upon proper actions and measures. The meeting of the commission, whose works were presided over by Dumitru Popa, minister of industrial constructions of Romania, proceeded in a friendly, working atmosphere of full mutual understanding. [Text] [AU291843 Bucharest AGERPRES in English 1755 GMT 29 May 81]

CEMA COMMISSION ON STATISTICS--Bucharest, 29 May (AGERPRES)--The 37th meeting of the CEMA Standing Commission of Collaboration in Statistics came to an end in Bucharest, on 29 May. The meeting was presided over by Ilie Salapa, director-general of the Central Statistical Board, head of the Romanian delegation. The commission analyzed the stage of fulfillment of its tasks resulting from the decisions of the CEMA Executive Committee and endorsed the program and plan of unfolding of the next comparison of some value indices of development of the national economies of the CEMA member countries and the Socialist Federal Republic of Yugoslavia. At the same time, they looked into matters of improvement of the statistical record-keeping related to the specialization and cooperation in production with some industrial branches. Consultations and exchanges of experience were made in the domain of territorial statistics and on matters of statistical record-keeping and use of new indices consequent to the application of the new economic mechanism. The meeting proceeded in a spirit of mutual understanding, collaboration and friendship. [Text] [AU291845 Bucharest AGERPRES in English 1720 GMT 29 May 81]

CSO: 2020/45

CZECHOSLOVAKIA

BRIEFS

TRADE TALKS WITH PORTUGAL--In Prague on Wednesday Andrej Barcak, CSSR minister of foreign trade, and Walter Waldemar Pega Marques, Portuguese secretary of state for internal and foreign trade, discussed the state of Czechoslovak-Portuguese trade relations and the possibilities for their further development. [Text] [Prague RUDE PRAVO in Czech 30 Apr 81 p 2 AU]

ABSENTEEISM INCREASING--According to a report of the National Health Insurance, absence from work due to illness or injury increased in the CSSR in 1980, when on the average 300,071 persons daily were absent from their jobs due to illness or injury. Last year, the figure was 278,554 persons. [Bratislava PRAVDA in Slovak 24 Apr 81 p 2 AU]

COOPERATION WITH POLAND--A cooperation plan for 1981-82 was signed on 29 April in Prague between the Czechoslovak Film Enterprises and the Polish Ministry of Culture and Arts-Main Administration of Cinematography. The plan was signed by J. Pura for the CSSR side and by E. Mielcarek for the Polish side. [Prague PRACE in Czech 30 Apr 81 p 6 AU]

SLOVAK MEAT PROCUREMENT--Since the beginning of the year, Slovak farmers have fulfilled their tasks in the procurement of animal products more than 100 percent. They have sold the meat industry more than 148,000 tons of slaughter animals, thereby exceeding the planned amount by 3,856 tons (2,631 tons of cattle and 1,353 tons of swine). The plan to produce 19,822 tons of poultry has been fulfilled almost 105 percent. The milk procurement plan has been overfulfilled by more than 7.2 million liters; the egg procurement plan has been fulfilled 100.1 percent. [Bratislava ROLNICKE NOVINY in Slovak 5 May 81 p 2 AU]

CSSR TOURIST TRAVEL MODALITIES--A maximum of 300 forints for the entire stay is now being sold to Czechoslovak tourists traveling to Hungary, before a "special adjustment" comes in force during the main tourist season; when traveling to Poland it is obligatory to exchange a minimum of Z170 per person a day and Z85 for children between the ages of 10 and 15. Tourists may not purchase Polish currency before at least 90 days have elapsed since their last purchase of Polish currency. In the GDR or Poland it is possible to exchange additional foreign currency means equivalent to Kcs100. In Bulgaria, Hungary, Romania and the USSR it is possible to exchange additional foreign currency equivalent to Kcs300. When traveling to Yugoslavia, tourists must exchange a minimum of 250 and a maximum of 350 dinars per person and day but they may not exchange more than 7,000 dinars for the entire stay. Tourists traveling to nonsocialist countries must exchange a minimum of $14 and a maximum of $17 per person a day, the maximum amount for the entire stay being $340. [Bratislava SMENA in Slovak 22 Apr 81 p 7 AU]

FOREIGN TRAINEES IN CSSR--Employment and training of workers from Vietnam, Cuba, Mongolia, Laos and Mozambique in the CSSR will be expanded in the Seventh Five-Year Plan [1981-1985]. Vietnam has shown interest in training additional 18,000 Vietnamese for a period of 4 years during the next 5 years. Vietnamese workers are liked by Czechoslovak workers for their humble and disciplined behaviour. The only problems encountered by the Vietnamese are the language difficulties and the different type of life in Czechoslovakia. A recently signed agreement between Cuba and the CSSR on Coordination of National Economic Plans stipulates employment of additional 12,500 Cubans in the CSSR. About 2,000 Mongolians will receive training in their skills, primarily in the leather and textile industries. Negotiations for employment and training of Algerian workers continue. [Bratislava SMENA in Slovak 30 May 81 p 3]

CSO: 2400/210

MITTAG ON FLEXIBILITY IN PLANNED ECONOMY, ROLE OF COMBINES

East Berlin EINHEIT in German Vol 36 No 4/5, Apr-May 81 signed to press 13 Mar 81 pp 340-348

[Article by Guenter Mittag, SED Politburo member and Central Committee secretary for economic affairs: "The SED--Leading Force in Improving Management and Planning"]

> [Text] An essential part of the implementation of our party program lies in further shaping our socialist planned economy. Based on a correct social strategy, the objective is to use all advantages and impulses of socialism at a social scale for the benefit of the people. Our party has elaborated such a strategy and responds on its basis to the new questions of economic growth. Thus the socialist planned economy demonstrates its flexible reaction capacity to new demands under altered reproduction conditions. It gives evidence to its dynamics in that the party resolutely implements its leading role.

The birth and growth of the GDR, its consolidation and continued upswing, have come about and are proceeding in all public domains under party leadership. The party program is proving itself the Marxist-Leninist concept for the shaping of the developed socialist society in our country. Its rigorous implementation proves the buttressing factor for the good balance sheet becoming apparent everywhere in our society in preparation of the 10th party congress.

Our party program is the secure compass lending stability to everything that moves ahead. It is based, after all, on our theory, on the experiences of the CPSU and of the entire international revolutionary movement, and on the generalization of fundamental insights our party has gained, especially since its eighth party congress. By way of its implementation the socialist social order in the GDR has been strengthened. Of great weight in this is the fact that our contry is developing on the basis of firm socialist property relations. Socialist property amounts to 100 percent in industry and approximately 95 percent in agriculture. The material-technical base of our economy has been further developed. That holds true for its quantitative development as much as its qualitative advances in almost all branches of industry and construction, as far as most up-to-date technologies and the development of production trends are concerned. Decisive for what has been achieved and for the future are the increased skills and extensive knowledge of the workers, engineers, chemists and scientists. Through the thus far largest mass competition in the history of our country, accomplishments have been brought about in 1980, in preparation of the 10th party congress, by which the state plan requirements of our economic plan were exceeded at a production volume of two and a half days without any significantly increased consumption of energy and material.

From those fundamental aspects we have to look at the process of the constant improvement of the management and planning of our socialist economy which is proceeding under party leadership. This is the way to develop our socialist planned economy further, which is an essential part of the implementation of our party program. All steps that have to be taken in it are intimately connected with overall social development and its objective and subjective conditions. And we always proceed from the consideration here that the formation of the socialist planned economy and its further extension is a key issue of socialist construction pertaining to the exercise of power by the workers class, the concrete shaping of socialist property and the conscious utilization of the objective economic laws of socialism.

The general principles for shaping the socialist planned economy in conformity with Marxist-Leninist theory, used first and as a model in the USSR, time and time again attest to their validity and currency--as it was impressively demonstrated by the 26th CPSU Congress. Comrade Leonid Ilyich Brezhnev emphasized at the 26th party congress that it was necessary to approach the solution of all tasks in the economic field with party-mindedness. This primarily means doing everything for the well-being of the people. The main task for the 1981-1985 Five-Year Plan was elaborated with the objective of ensuring a further growth of the Soviet people's standard of living. A comprehensive program for raising the people's standard of living has been worked out. Such unequivocal CPSU policy is of inestimable importance for socialism to be able to develop still more strongly than it has its inherent advantages and impulses in the Soviet Union and further to boost its strength of international radiation.

Conformity in these fundamental issues of economic policy, its objective aimed at the well-being of the people and of the way to get there--in the main task, that is--is exceedingly important for consolidating the strength and reputation of socialism both in the USSR and the GDR. It is a course we take in common.

The CPSU's firm resolve to do everything for the benefit of the people is coupled with the resolute intention to tap new reserves for communist construction by way of intensification. This involves enormous dimensions, determined by the economic criteria of the USSR. Having assigned a task of such scope to itself, the CPSU is engaged in solving that task with all rigor. That will also give rise to great impulses for our own work.

The development of the socialist planned economy in the USSR along the course charted by Lenin is and will remain the crucial prerequisite for the great importance of the Soviet Union to strengthening socialism and safeguarding peace.

The GDR is closely interlinked with the Soviet Union in all domains of public life. Economically, it is the most extensively organized cooperation between any two states ever, as far as the scope, quality and degree of mutual intertwining are concerned. The correct development of the socialist planned economy is thus also of outstanding importance for the further deepening of cooperation and specialization in accordance with the agreements up to 1990.

The Course of the Main Task--Decisive for the Effectiveness of the Advantages of Socialism

The basic prerequisite for pursuing the proper course and for making the socialist planned economy function properly is a Marxist-Leninist policy that proceeds from the requirements of the objective economic laws of socialism and aims at making effective all the advantages and impulses of socialism for the well-being of the people at the range of the entire society. That is the cardinal issue for shaping the socialist planned economy. Not one rule or another is the primary concern but the correct strategy and tactics of overall social development, embedded in which is the improvement of management and planning.

For the development of the GDR, the life of the people in our country, the steady economic performance improvements the salient point has been that our party--as SED Central Committee General Secretary Comrade Erich Honecker has explained--has systematically carried on the course of the main task, the unity of economic and social policy, based on an improving economic performance. Especially in view of the fact that the demands made on economic performance improvements have not become smaller but larger and that we have to organize this performance improvement under novel conditions, it is so very important that our party holds on to the interaction between production growth based on increasing labor productivity and the elevation of our material and cultural standard of living. This way alone can we tap the necessary great reserves for further providing our economy with its raw materials, implementing the necessary measures for our intensively expanded reproduction and further elevating at the same time, step by step, the people's standard of living.

The course of the main task is not merely a matter of economic policy as such. Rather, it amounts to a matter of principle in the application of the universal inevitabilities in the shaping of the new society: the deliberate utilization of the basic economic law of socialism, so that the advantages and impulses of socialism truly come into full play. It is our party which ensures this development by its leadership role and which is of such crucial importance especially for our country in the heart of Europe, on the dividing line between imperialism and socialism.

This fundamental approach to the implementation of the party program gives rise to the decisive demands placed on the party's economic policy and--included in that--to the steps for further improving management and planning. The most important concern is to consolidate our socialist planned economy with the aim of strengthening socialism and serving the well-being of the people. That precisely is what makes it necessary to create all the prerequisites for performance improvements to ensure our sociopolitical objectives. That is why we always proceed from the rigorous implementation of democratic centralism and pay attention to the application of the socialist performance principle and of all other basic principles of socialism that are derived from universal inevitabilities and must not be used or omitted at will but must be used to make the structure of socialism solid and inhabitable, in conformity with a clear blueprint. Built on such stable foundations of overall social development it is possible, while it also is urgently necessary, to take the requisite measures for improving management and planning in conformity with the basic principles of socialism. That in particular concerns the preservation of democratic centralism, the state management of the socialist economy connected with it, mandatory state norming point parameters for basic tasks and, at the same time, creating the necessary conditions for the combines and enterprises being economically interested in resolving them.

Consequences in Good Time

As management and planning are to ensure an optimum functioning of the process of intensively expanded reproduction, they have to be changed to the same extent in which the reproduction conditions themselves change. What matters most is always to bear in mind the dynamics of the productive forces, the growing interlinkages within the economy and that between the economy and the other social domains, the quantitative and qualitative development of the material-technical base and, above all, the requirements for ever better satisfying the needs of the population.

Developments after the eighth and ninth party congresses have shown that precisely the socialist planned economy is what can react flexibly to changing conditions. The party resolution on carrying on the course of the main task has thus called for, and calls for, answers to new questions. Such answers can be given only if management and planning fully address themselves to the new requirements. Consequently, the 11th Central Committee session has drawn essential conclusions for ensuring the steady rate of performance growth in the GDR economy. Comrade Erich Honecker defined a steep boost of labor productivity as the key issue.[1]

Intensive work has been done in also making preparations in good time for the requisite performance improvements for the years ahead. With respect to this it has to be taken into account, above all, that our starting position as well as essential conditions for future economic growth clearly differ from the situation in the early 1970's and performance improvements can no longer be organized today by the ways and means of those days. Requirements have changed now, and so have our possibilities. The changes have come, on the one hand, from the considerably greater material and intellectual potential and increased dimensions domestically and, on the other hand, from the exacerbation of the class struggle against imperialism and the changes on the foreign markets that have come with it.

In view of the situation as it really is and of our social requirements, the main problem for our economic growth is to make fully effective all qualitative growth factors and to achieve a steep elevation of labor productivity, efficiency and quality thereby. This calls for high scientific-technical accomplishments in decisive areas, the most efficient use of our energy and raw material base and of our basic assets, and the most rational employment of manpower resources. All these factors must be used together to achieve the requisite rationalization thrust and significantly improve the cost/benefit ratio on behalf of the people. For that reason the party has focused all our work on the task of still much more comprehensively and consistently combining the advantages of socialist society with the scientific-technical revolution. That is the overriding viewpoint of the resolutions taken at the Central Committee sessions, at the Central Committee secretariat conference with the kreis first secretaries, and the Central Committee conference with the general directors and Central Committee party organizers in the combines last year.

from the requirements reaching maturity in terms of its political goals, our party has, in particular, drawn the conclusion that it must achieve the necessary performance improvements, making available more and better end products for public supplies, for the economy and for export, by means of a volume of energy source and primary raw materials that remains the same or expands but slightly. The main way to get there is the complete utilization of available raw materials and a much higher degree of refinement for them. The emphasis here lies on a recovery of petroleum from greater depths and on raising the proportion of petroleum materially utilized, the further development of coal refining and the development of refined metallurgy. Furthermore, it is a matter of keeping in step with the most up-to-date developmental trends in science and technology and using them more efficiently. The focal point is an accelerated development and application of microelectronics, robot technology, electronic machine controls and a targeted application of electronic computer technology for a still more effective organization of production and administrative work by means of socialist rationalization. All this has the purpose noticeably to raise the labor productivity level, mainly also by means of conserving jobs. For elaborating these clear tasks it was of great importance that the Central Committee continuously dealt with the fundamental questions that reached their maturity in our economic development. This simultaneously assigned the basic trends for further strengthening the material-technical base of our economy by way of rigorous socialist intensification and rationalization.

This party strategy with its resolute thrust toward a still stronger use of most up-to-date science and technology data and the organizing of a comprehensive struggle for improving efficiency and qualities was worked out under the direct leadership of Comrade Erich Honecker.

Not only were conclusions drawn in good time from the latest developmental trends of the productive forces, at the same time the party organizations have been and are being oriented continually toward the solution of the new problems. It became possible to insure uniform actions and the speed required because the party, the trade unions and, above all, youth were from the outset drawn into the overall process of solving tasks that had reached their maturity. Thus we connected the elaboration of our strategic concept for further economic development with the broad development of initiative by the workers class and all working people and with solving the new problems in socialist competition. Results already visible in preparation for the 10th party congress demonstrate those tasks have been understood and hitherto inconceivable reserves are being tapped.

Better Management Quality

The greatly changed reproduction conditions objectively required creating fundamentally new prerequisites for better management quality so that the strategic tasks will be implemented, too. A most essential step was that combines were formed in industry and construction, so that now industry and construction are managed, under the ministers' responsibilities, on the basis of the combines. That initiated a qualitatively new phase in the management of industry and construction in the GDR last year.

It is in the enterprises and combines where our economic reproduction process takes place. There alone can the tasks arising from our economic development be solved concretely. Prerequisite to it is that each combine has, and constantly improves, the necessary material and personnel prerequisites for making possible the growth of its achievements by way of intensification. That is why the combine combines all the decisive phases of the reproduction process. That concerns science and technology, the construction of means of rationalization, ancillary supplies proper as to qualities, final production and doubly subordinated foreign trade enterprises. No phase is kept apart from any other. If, for example, scientific-technical tasks are assigned, the general director of the combine must know at once what effect they will have on the cost and benefit of today and in the future. This amounts to economic responsibility and to shaping the possibilities that such responsibility also can be assumed with initiative.

The most advanced combines today have the intellectual and material capacities that enable them to solve these economic tasks in the sense of accelerating their cycles. An example of it is the Mansfeld Wilhelm Pieck Combine, employing more than 46,000 workers and producing commodities at a value of M 9.5 billion.

What characterizes its work?

Material components contained in the ore are used consistently. For example, accompanying metal of copper such as silver, lead, nickel and others are extracted.

To an ever increasing degree they have started to reprocess the already processed rocks and slag on the waste dump, which has not been done under capitalism because it was not sufficiently profitable.

Highly productive technologies are increasingly used in processing the extracted metal, e.g., continuous cast-rolling for producing high-grade and highly productive copper wire.

With mining and metallurgy there also develops highly efficient equipment construction based on the use of microelectronics--for instance for robot technology.

The combine has a great capacity for consumer goods production. It is becoming one of our most important producer of electronic hand-operated drilling machines, using a modern technology for it.

That is the profile of a modern socialist industrial combine of the GDR where the enormous intellectual and material potentials of the collective are brought to realization through skilled management activity under party leadership. There the highest economic results are being achieved and everything is being done to carry on the revolutionary traditions of the German workers movement, which are more alive today than ever, and always closely combine the struggle for boosting our economic efficiency with the consolidation of class consciousness. It makes the Mansfeld Combine a strong economic and political force.

Guided by the future requirements and more favorable preconditions for a more efficient organization of the economic reproduction process, as created in particular by the forming of the combines, additional measures were decided on last year in the management and planning field. Accordingly, the 1981 economic plan was drawn up in terms of the ministries and, for the first time also, of the combines. That has been found highly expedient because, after all, it made possible judging each combine's costs and benefits from the economic standpoint and tapping further reserves for high developmental production speed, scientific-technical progress, labor productivity and efficiency. At the same time, the comparisons of combines brought out where we must increase our efforts on behalf of a rational and careful handling of energy, raw materials and working materials and all the resources our country has.

Once again it was demonstrated while we drew up our 1981 economic plan that through the comprehensive application of the three basic parameters in performance evaluation, "industrial commodity production," "net production," and "basic material costs per 100 marks of commodity production," efficiency boost is more strongly encouraged, and the working people's initiatives are more effectively stimulated toward higher production efficiency and qualities and toward lowering production consumption.

Higher economic management and planning skills and a stronger democratic centralism also are supported by the measures adopted for the preparation, accounting and control of material, equipment and consumer goods balance-sheets. They aim at improving the work with balance-sheets, the most important planning instrument, so that economic reserves are tapped and material assets are invested with highest efficiency.

Time Economy and the Economic Cycle

In being focused on the new problems in the acceleration of our scientific-technical progress, the boosting of our labor productivity, and the attention to refinement, the socialist planned economy actively affects the greater efficiency of our entire economy.

The end result always is what counts. That always significantly depends on how closely we conform with the law of time economy, which remains inseparably connected with the basic economic law of socialism. In the law of time economy all the fundamental problems in the political economy of socialism intersect, and they even include the meaning and purpose of socialist economic management. It goes a long way toward establishing the unity between economic and social policy, and between economic management and social benefit.

This is how Marx, in a nutshell, formulated that law: "The less time society needs to produce wheat, cattle, and so forth, the more time it gains for other production, material or intellectual. As in the case of an individual, the universality of its development, enjoyment and activity depends on saving time. Time economy is what all economy ultimately comes down to." And finally he arrives at the conclusion that it remains the "primary economic law on the basis of collective production. It becomes a law even to a much higher degree."[2]

Proceeding from the remark Marx made that the saving of working time essentially is "identical with the development of productive force,"[3] our party program is oriented to "achieving high rates of growth in labor productivity by means of science, techniques and technology, cutting back on jobs, and significantly improving the cost/benefit ratio."[4] This live labor economy, an equivalent of the saving of manpower, has acquired important dimensions at the whole scale of our economy since the eighth party congress. That is, not last, attributable to the fact that since the early 1970's research and technology have been concretely assigned, and have had to account for, their own contribution to time saving. Especially since 1973, this transition to a scientific-technical policy that is oriented to state norming points in the economy has most favorably affected the clearly improving contribution, year after year, by scientific-technical progress to the saving of live and embodied labor. In 1973, industry and construction saved 80 million working hours, in 1976, 185 million, and in 1980, as many as 365 million.

This means that in the last five-year plan research and technology were able to boost labor productivity at a clip that corresponds to the use of an annual labor capacity of 150,000 workers. Carrying on that way, contributing still more to higher labor productivity by means of science and technology, in terms of the time economy law, calls for reducing working hours per production unit, cutting back jobs, and shortening the reproduction cycle.

Reducing working hours must go together with cutting back jobs in order to release the manpower we need to put the most up-to-date technology into operation in turn. This is a task that is increasingly being solved in the combines themselves, as they are extending the "Schwedt initiative." But it is necessary at the same time decisively to reduce the time frame needed for scientific-technical data to become applicable, applying them earlier and, altogether, introducing them at the overall economic range.

An individual example for the development of new technologies is important, of course, because it establishes criteria and shows what is possible. Economic efficiency ensues only, however, if we succeed in generalizing an example and having it take effect broadly. That is true today especially of microelectronics. Through an accelerated development and production of new integrated circuits the objective possibilities for its broad application have been created. Economic efficiency now depends however on our making full use of this possibility. Experiences gained in the field of microelectronics especially and emphatically underscore that proceeding toward a higher productivity level calls for using the new scientific-technical data extensively and without delay. That will make it possible to save both live and embodied labor to the requisite extent.

An analysis of our situation and of the prospects of science indicates we have enormous opportunities for developing our productive forces for the good of the people. What now matters is to make these possibilities useable in a new way, with higher requirements and speeded up in the GDR, on behalf of carrying on our course of the main task, the unity of economic and social policy, as it has been conretely set down in party resolutions.

We resolutely proceed from the consideration that no expanded reproduction in the economy is possible without a constant improvement of economic performance--i.e., of the GNP, especially the national income, industrial commodity production, the output by construction and the accomplishments of agriculture. Expanded reproduction, however, is the indispensable foundation for the constant reproduction of the socialist production relations and thus for the development of socialist society as such. Without production growth there is neither an increasing accumulation not an increase in consumption. That attributes the greatest weight to the qualitative factors, they being the ones making it possible for us to ensure economic growth, in principle, without additional manpower and without a growth in the material assets. Their use, in view of the fact that nothing can bypass growth, is not only an economic but is a political question of the first rank, because the further strengthening of socialism crucially depends on it.

Human Initiative Decisive

All measures toward improving management and planning become effective to the extent that they serve the creative initiative of man. This also shows that these measures do not take effect as abstract mechanisms but always only in connection with the basic trend of our overall social development. Only because everyone perceives that our party is responsibly implementing the course of the main task, strong impulses develop toward exceeding the plan, a higher energy and materials economy, and a forward thrust in economic rationalization. Not until that basis is provided can the stipulations become effective that concern the advantages of the enterprises and combines in plan fulfillment, the inducements through production wages, and other measures. This is impressively attested to by the outcome of the 1980 socialist competition.

The people's great initiative in preparation of the 10th SED Congress gives evidence to the strength of socialism. We have come up with top achievements under complicated conditions. Some of them are also occurring in the developed capitalist industrial countries, where they are alleged to be the cause for the increasingly severe economic crisis. This ought to provide an unequivocal answer to the question which economic system is more effective. Time and time again bourgeois slander of socialism founders when it hits hard facts: our steady economic growth over the decades contrasts with the periodically recurring and intensifying crises of capitalism. While among us the economy is developing in the interest of peace and the people's prosperity, in the capitalist world it is marked by profiteering which, in particular, leads to the escalation of the arms race. The main beneficiaries are the big corporations and, in particular, the military-industrial complex, which are dominating the economy in the capitalist countries. Gigantic disproportions and indissoluble social contradictions thus mark the image of the capitalist world.

Among us in the GDR the socialist planned economy enjoys a healthy and stable development. It reacts flexibly to new requirements and, under fundamentally changed conditions, ensures that economic performance develops smoothly and the social measures adopted are realized. It demonstrates that Lenin's ideas of the great initiative amount to social practice in our country and are accepted throughout the working day of the working people, on whom demands are placed of which we by no means harbor any simplistic notions. Labor is still labor under socialism--with the cardinal difference, however, that here the working people are engaged in it while freed from the whip of capital, from exploitation and suppression. Socialism relies on conscious labor. It demands the dedication of one's whole personality, work done in full responsibility to the good of all society, as it at the same time also proves itself under socialism as the most important field for human testing and enrichment. What is always decisive is knowing what one is working for. And as that is so, the GDR working people do the best they can for the 10th party congress.

Our republic's accomplishments and successes provide all the evidence that our party, in a solid relationship of trust with the workers class and with all the people, is pursuing its course of strengthening the GDR on the basis of Marxism-Leninism. Life, the class struggle, confronts us with many new problems, of course, and thus with new tasks we have to recognize and solve. We are approaching our work from such an active position, and we also conduct our ideological confrontation in such a way that we combine the presentation of the advantages of the socialist planned economy with the role and struggle of our party as our leading force. It has been revealed as a profound truth that the planned economy is alive because the party is resolutely bringing to realization its leadership role in the economic field and in the management of social processes. This is the key issue concerning the substance, the functioning and the superiority of the socialist planned economy, its guiding principle being and remaining the well-being of the people.

The management and planning of the socialist economy is no self-sufficient abstract construct but an organism that lives and functions because of the party's leadership role. Nor is improving it an end in itself but a means for improving the efficiency and quality of labor within the scope and in the interest of the whole society. This touches on fundamental matters of scientific communism. The point of departure for taking care of them always pertains to the efficacy of the class forces, the character of our social order, and the new quality of social relations resulting therefrom. It is important always to explain and clarify, as hiding behind appearances, the essence of things, that a planned economy built on Marxist-Leninist principles is decisive for the historic advantages of socialism fully to unfold in the interest of the workers class, so that under Marxist-Leninist party leadership the fundamental problems of social existence are solved for the benefit of men.

FOOTNOTES

1. Comrade Erich Honecker, "Aus dem Bericht des Politbueros an die 11. Tagung des ZK der SED" (From the Politburo Report to the 11th SED Central Committee Session), Dietz publishing house, Berlin, 1979, p 35.

2. Karl Marx, "Principles of the Critique of Political Economy," Dietz publishing house, Berlin, 1953, p 89.

3. Ibid., p 599.

4. "Programm der Sozialistischen Einheitspartei Deutschlands," Dietz publishing house, Berlin, 1976, p 27.

5885
CSO: 2300/229

GERMAN DEMOCRATIC REPUBLIC

MEASURES TO IMPROVE AGRICULTURAL PRODUCTION OUTLINED

East Berlin EINHEIT in German Vol 36 No 4/5, Apr-May 81 signed to press 13 Mar 81 pp 412-418

[Article by Prof Dr Helmut Schieck, member, GDR Academy of Agricultural Sciences; director, Institute for Agriculture and Foodstuffs, GDR Ministry for Agriculture, Forestry and Foodstuffs; and Dr Harry Reimann, economist, department chief in same institute: "For Greater Efficiency in Our Agricultural and Foodstuffs Production"]

> [Text] The thus far largest production volume in crop and animal products was achieved by our socialist agriculture during the last five-year plan. Further developing these successes calls for further intensification as the key for high yields and services. The application of scientific-technical progress plays a central role in this. Which tasks arise from it for crop and animal production? What demands arise from it for the development of our labor capacity? Why does rationalization of necessity play the central role in this investment activity?

Achieving high hectare yields in crop production, making use of every square meter of suitable soil, systematically developing cattle herds and increasing their performance--those are the marks of the thus far largest mass initiative by the cooperative farmers, the workers in the agricultural and foodstuffs industry, and of socialist competition in honor of the 10th SED Congress.

In the outcome of their efforts in implementing the Ninth SED Congress resolutions, the cooperative farmers, male and female, and all working people in socialist agriculture achieved the thus far largest production volume in the crop and animal production within a five-year plan period through their diligent labor aimed at deeper intensification and through a continued gradual introduction of industrialized production methods and the use of the advantages of cooperation. The final output of the socialist agricultural enterprises between 1976 and 1980, for instance, came to 123.5 percent compared with the 1971-1975 period. This performance improvement formed the decisive material basis for significantly increasing and improving during the 1970's food supplies for the population and agricultural raw materials for industry.

In daily supplies for the population the working people in socialist agriculture are producing today 34,600 hogs, 4,600 heads of cattle, 19,000 tons of milk, 14 million eggs, 8,000 tons of potatoes, 4,500 tons of vegetables and 2,500 tons of fruit. Biological raw materials are coming out of our crop and animal production which flow into more than 70 percent of our economy's production groups and have in part become indispensable there. That is true, for instance, of hides and skins for the shoe, leather and fur industry, blood, glands, fats and other raw materials for the pharmaceutical and chemical industries producing medicines, cosmetics, detergents, varnishes and paints. It underscores the role agriculture plays, the by now largest domestic producer of primary raw materials for the foodstuffs industry and many other branches of industry, and further growing in importance in view of the changed reproduction conditions.

By these very results the cooperative farmers, male and female, and all the rural workers are impressively demonstrating their firm resolve to implement the Marxist-Leninist agricultural policy for the good of society and for their own good, which policy, with its concrete effects on the economy, on social development, and on the shaping of alliance relations, has become an inseparable component of overall SED policy in implementation of its party program. In this, the development of crop and animal production LPG's and VEG's, and of their cooperative institutions, have proven day after day that efficient socialist agricultural enterprises, solid rural socialist production relations, are a sure basis for supplying the population and for supplying industry with raw materials, as they offer a wide margin for the development of the productive forces. Tapping these potentials more extensively, so as to further boost the intensification process of agricultural production and further improve the cost/benefit ratio in all socialist agricultural enterprises, makes it more necessary than ever to use still more systematically the advantages of socialist cooperation. An essential foundation for that are the model statutes issued in 1977 for the crop production LPG's and the animal production LPG's, their industrial regulations and the principles for the work of the cooperation councils in socialist agriculture. They form the long-term basic guidelines for the consolidation and development of the LPG's, the development of their cooperative relations, the improvement of their production activities, the shaping of cooperative democracy and the resolving of social tasks.

Key to Improving Yields and Achievements

As everywhere else in our economy so also in all LPG's, VEG's and other agricultural enterprises it will become more important to improve efficiency by way of further intensification.

The basic task for further socialist intensification of agriculture is to achieve the necessary growth and higher stability of crop yields and animal performance on the basis of plan allocations available through gradually converting to industrialized production methods. Further advances here more and more depend on an expert and effective use of all available resources, of the soil, the cattle herds, the basic assets and the working capital and, above all, the manpower. This objective is not only of current importance but conforms with a strategy pointing into the far distant future for producing more, better and cheaper agricultural products. That has been explained in detail at our party's recent Central Committee sessions and in the Gera speech by General Secretary Comrade Erich Honecker. It implies constantly exploring new opportunities for more efficient production in the LPG's, VEG's and their cooperative facilities through a more systematic application of scientific-technical progress, the further development of cooperation and intra-cooperative democracy, and the development of socialist competition and of the creative initiative of all working people.

Scientific-technical progress is the most important qualitative growth factor. Its application is the main source for production growth and labor productivity and crucially affects our efficiency improvements. Thus it is all the more important to assign much more of a central role in the political work of each LPG and VEG to scientific-technical progress and to the implications needed for enforcing it. All possibilities must most carefully be examined for modernizing and further strengthening the available material-technical base through targeted applications of scientific-technical progress. And here we can extend the advances made in the application of science and technology between 1976 and 1980. For instance, the number of top achievements was more than doubled in comparison with the 1971-1975 period, many new crop varieties were grown and authorized, and mechanization and rationalization solutions were initiated which permit boosts in labor productivity.

Determining the speed and level of further intensification, scientific-technical progress to a large extent becomes effective through improving soil fertility and through growing cultivated plants and breeding domestic cattle. A scientific lead for solutions in a complex organization of crop rotation, ground working, fertilizing and plant protection is an essential prerequisite for an expanded reproduction of soil fertility. In the field of plant cultivation we are generally concerned with a high yield potential for grains, a higher protein and lysine content especially in winter wheat, winter and summer barley and certain pod-bearing varieties. To secure a stable production more attention is given to growing resistant varieties. Essential also is to grow the kind of potatoes and sugar beets, forage plants and vegetables that ensure a higher yield level and greater yield stability.

Technological research turns out to be a focal point for effectiveness improvements. It contributes significantly to the rationalization of the labor processes in crop and animal production, especially in meeting agrotechnical deadlines and maintaining animal care schedules. In the future it will become important to get more rationalization effects from surmounting the often still extant orientation to the technical development of separate machines (key machines) and mainly converting to machine systems. A first-rank economic requirement here is further to develop and improve technologies so that they will themselves raise the effectiveness of funds available. That is a basic prerequisite for an effective use of investments and must to a high extent determine the rationalization of production and rotation processes. This also implies the demand for technological solutions that make possible a favorable volume/performance ratio, a small material consumption (per unit of livestock) and a reduction in the specific energy consumption.

In view of the changed reproduction conditions in our economy, technologies for the production of agricultural commodities also are gaining in importance which ensure a more rational use of traditional energy sources and the tapping of alternate energy sources through the use of heat pumps and solar cells. Wind energy and biogas must also be made usable as energy sources.

In agriculture precisely it is of vital concern to make more efficient use of the natural conditions for increased and more efficient production by means of scientific-technical progress. For the management and planning of agricultural production and its further intensification it therefore is imperative to control economic, technical, technological and agrobiological processes in their complex interaction. The soil is and remains the fulcrum and pivot of the whole intensification process in agriculture. It is the chief agricultural means of production, one of our most important, inexhaustible and, if used correctly, a constantly expanding raw material source, the basis for a stable rate of growth in all our agriculture. Yet it has to be remembered that agricultural acreage has diminished by circa 235,000 hectares in our republic between 1950 and 1978 due to the use made of farmland for other economic purposes. That is more than the agricultural acreage of all of Gera Bezirk at present. This underscores how important it is to handle the soil most carefully when sites are selected for building new production plants and structures of all sorts, including cultural and sports facilities, and also of course in the further extension of our raw material base which is so important for our country.

Meeting the higher criteria of the 1980's means that every LPG, every VEG and each crop production collective will concentrate its capacities on increasing yields from the soil. How to do that is pointed out in the programs on efficient soil utilization prepared by the socialist agricultural enterprises. Their purpose is to tap essential reserves for permanently improving soil fertility, increasing crop production stability, and utilizing its products through a stronger application of scientific-technical progress. It calls for improvements in providing the soil with organic substance, especially with the organic fertilizer that comes in the forms of dung or manure; forming an economically effective structure of crop production and introducing regularly scheduled crop rotation; paying more attention to agrotechnical requirements and deadlines in field work and mainly also taking measures against the thus far increasing structural damage on acreages; reducing losses especially during the harvest, the shipment, storage and processing; and an increased use of socialist enterprise management, to be combined with the development of a broad mass initiative by the cooperative farmers and workers in socialist competition.

An objective economic requirement is to make sure, through a more rigorous intensification of crop production, that any further increase in animal production is made possible through increases in our own forage production. In 1980 our livestock, with 5.8 million heads of cattle and 12.8 million hogs, exceeded that of the early 1970's by circa 12 and 32 percent respectively. Especially with respect to our fattening cattle and hogs that was an essential source for being able to insure in the last 10 years the growing per capita consumption of meats and meat products which rose faster than planned. Increasing fat stock production also remains the decisive task for the years ahead. Meeting it, while also improving our efficiency, with stocks remaining more or less the same, mainly calls for performance improvements per animal.

Further animal production intensification calls for greater efficiency in applied scientific-technical progress so as to get from it important advances in the livestock feed economy through a rigorous application of scientifically justified feed rations, a better use of available forage, and the reduction of forage consumption per unit of product; improving animal performance and, in particular, increasing the fattening days for cattle and, especially, for hogs; and quantitatively and qualitatively improving breeding results together with reducing animal losses through an increased care intensity.

Also in animal production it is important to use socialist enterprise economy comprehensively in the intensification processes and to direct the mass initiative of socialist competition at it.

Through implementing the programs on efficient soil utilization and the measures for increased animal production important steps are taken to confine and overcome unjustified differences in the levels and efficiency of production. Therein currently lies the greatest internal performance reserve of agriculture. Using it calls for coordinated measures by state management and planning and by the cooperation councils. They will be all the more effective, the more they encourage and support the initiatives of the innovators and rationalizers, mobilize them for a broad application of scientific-technical progress, and orient them to a broad application of the best experiences under any given concrete conditions.

The higher demands of the intensification process placed on the application of scientific-technical progress call for close cooperation between science and production and constant efforts and support in situ. It has been found expedient to organize this cooperation with practical efforts on the basis of agreements so that the LPC's can get involved, in accordance with concrete conditions, in the systematic application of scientific-technical progress and the elimination of unjustified differences in levels. In the transfer of scientific-technical progress into production, the tasks of the scientific-technical centers of the bezirk councils are increasing especially.

Manpower and Intensification

It has thus far been typical of agricultural intensification and highly significant altogether for our rate of economic growth that the boost of agricultural production was insured while manpower steadily declined, which means exclusively through increased labor productivity.

Experiences of recent years have taught us that the reserves available have been tapped and that a further reduction of manpower would be harmful to agriculture under the prevailing social and scientific-technical conditions of ongoing intensification. What is important now in agriculture is to use the available labor capacity with highest efficiency. That also means it should be further developed in such a way that the manpower requirements resulting from the technological process are insured in crop and animal production. More attention must be given to recruiting and training a new generation of workers in every LPC and VEG. A temporary detailing of manpower from interplant and intercooperative facilities during the harvest in crop production has been found expedient, about which the meetings of functionaries must make decisions even at the time the plan is passed.

The economic conditions for the quantitative reproduction of the social labor capacity in agriculture and the needed application of scientific-technical progress call for more attention to the qualitative aspects in improving the efficacy of social labor.

Among the important results of our socialist transformation in the countryside is that due to our socialist educational policy the proportion of workers with complete vocational training has by now risen to 89 percent. Some 8 percent of all who are working in agriculture has had university or vocational school training, more than 6 percent has the master diploma. In connection with making scientific-technical progress more speedily and emphatically prevail, the emphasis is now placed on job training. That concerns all who are working in crop and animal production, their managerial functionaries and especially the brigade chiefs and others on the middle-management level.

But that only is one aspect in focusing manpower on the qualitatively higher requirements of our scientific-technical development. Under the conditions of socialist large-scale production and the closer cooperation of the LPG's and VEG's, the application of socialist enterprise economy and, especially, the scientific labor organization definitely deserves a higher place value. If one wants to carry on division-of-labor processes smoothly, one must have the most rational forms of labor organization in brigades and other collectives, must stimulate high achievements and fine qualities, and must improve the cost/benefit ratio. The focal point lies on improving brigade and department organization, creating clearly delineated collectives and a solid allocation of soil, basic assets and production funds to the labor collectives.

The potentials inherent in manpower become, not last, highly effective when socialist competition is spread broadly. Examples were set by the Wulfersdorf crop production LPG and the Bennewitz animal production LPG, which are conducting their socialist competition above and beyond their enterprise within the cooperative framework within and among crop production and animal production enterprises and with enterprises that process agricultural products and are orienting that competition to priorities in the targeted overfulfillment of state quotas in crop and animal production. They see to it that the best experiences are thoroughly analyzed and generalized. The LPG's and VEG's also are increasingly including the tasks for improving working and living conditions in their competition because that significantly contributes to the stabilization of manpower and the reduction of fluctuation.

Rationalization, the Centerpiece of Investment Activity

Of an importance of principle to the further intensification of agricultural production and the improvement of the cost/benefit ratio is optimizing the interactions between the material-technical base, scientific-technical progress, production boosts and labor productivity. Looking at our basic assets from this aspect, we find they have quantitatively grown considerably but also changed in their qualitative composition. They came to 215 percent above the 1970 figure (based on 1975 prices). Partly we had to start from scratch with copious basic funds for amelioration, storage and canning. For the storage and canning of potatoes, fruits and vegetables, almost one-fourth of all investments in crop production was allocated since the eighth party congress. High investment allocations also were required for our greater animal stocks, mainly the fattening cattle and hogs. The number of additionally necessary stables for our increased number of hogs exceeded the entire capacity increase created by the construction of modern, industrially producing breeding installations and by rationalization. All that was economically necessary, but the consequence of it was that we had to postpone investments for the simple and extended basic assets reproduction in primary agricultural production. What matters now is to create essential prerequisites for the further growth of labor productivity and efficiency through our productive accumulation and simple reproduction. And here, the following main lines are taking shape:

Our material-technical base has reached such dimensions that future investments must more now be brought to bear on the improvement and modernization of available basic assets while we have to insure needed expansions in certain areas, e.g., in implementation of our program on silo structures and manure deposits and on closing mechanization gaps in crop and animal production. Also within the framework of the, valuewise, simple reproduction, it is becoming increasingly important to replace obsolescent basic assets by more modern ones which have a higher intrinsic value and thus contribute to greater productivity and efficiency. It therefore also is of great importance to improve the basic assets structure by systematically increasing the proportion of equipment there.

The reproduction of the basic assets must be undertaken in such a way that through the application of scientific-technical progress to the improvement of currently used and the introduction of new technologies the material-technical base available is used more efficiently all-around.

For the production base created up to now, more rationalization in all fields of crop and animal production must become the centerpiece of all further investment activity. And here the experiences of many LPG's and whole kreises show that this process can be conducted most systematically on the basis of rationalization programs. Embedded in overall kreis development, this rationalization then must contribute to surmounting unjustified differences in levels.

Another priority has to be the rationalization of those labor processes which currently still call for much manual work. There still is much manual work, despite great advances in the mechanization of labor, mainly in taking care of sugar beets and livestock feed beets, potatoes, fruits, vegetables, medicinal plants and herbs and in feeding and in cleaning out of, especially, traditional stables in animal production. Creating remedies here calls for producing means of rationalization of the necessary scope. That presents itself as a fundamental task in the whole area of preparatory agricultural labor, in the industrial branches concerned as much as in agricultural preparatory labor.

Altogether the responsibility industry bears for the intensification of agriculture will be increasing in years ahead because together with the systematic production expansion of agricultural means of production it is the improvement of the quality and efficiency of equipment which will become the focal point. Higher expectations will be placed above all on the efficiency of equipment and more reliable operational features of equipment and, not last, its durability, to reduce maintenance efforts. Fertilizers and plant protectives also must become better in quality. Maintaining or systematically expanding the supply level of such high-grade means of production is an indispensable condition for increasing production and efficiency. That is caused by the particular features of agricultural production. The close intertwining between biological and economic inevitabilities in agriculture, if production is to increase, objectively calls for an increasing use of means of production per unit of acreage or animal. Obtaining a greater rate of production growth, in comparison with production consumption, is a requirement each LPG, VEG, brigade and work collective has to make the centerpiece of socialist competition.

That is in line with our party's economic strategy. It calls for a new approach, a new philosophy, in all LPC's, VEG's and local state organs. The core of intensification more than ever is raising the effectiveness of natural and economic resources. Exhausting the great potentials of socialist production relations becomes an essential fulcrum. For the further intensification of agriculture this requires that every LPC and VEG still uses its cooperation opportunities with greater purpose. The cooperation councils bear a high responsibility for it. Assisted by their party groups, they must organize the cooperation and mutual assistance in the LPC, advise it on its plans, ensure a coordinated development of crop and animal production and assess the plan fulfillment and the rational use made of the funds, in order to arrive at the necessary conclusions for insuring high yields, performances and efficiency in all LPC's and at greater advances in overcoming the unjustified differences in levels of production and in the use of natural and economic resources. Doing so, the cooperation councils ought to give their central attention to those questions that will affect a stronger use of the qualitative factors, so as to ensure in each LPC and VEG the agricultural performance improvements needed for our increasing requirements.

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GERMAN DEMOCRATIC REPUBLIC

CHEMICAL INDUSTRY TASKS FOR 1981-85 PERIOD OUTLINED

Leipzig CHEMISCHE TECHNIK in German Vol 33 No 4, Apr 81 pp 171-175

[Plenary presentation by Guenther Wyschofsky, minister for chemical industry, chemist, Chamber of Technology; on the occasion of the 1980 annual session of the Chemical Engineering Association and the 1980 Processing Engineering annual session, Merseburg, 12 and 13 November 1980: "Tasks and Problems of the Chemical Industry in 1981-85 in View of the Development of Chemical Technology"]

[Text] The annual session of the Chemical Engineering Association of the Chamber of Technology and the Processing Engineering annual session are taking place at a time when "we know that the struggle for peace has entered a phase of more acute conflicts," and when "the international situation has considerably deteriorated." Certain imperialistic circles, especially in the United States, have chosen confrontation over detente.

In contrast to this is the program of growth, stability, full employment and social welfare which is consistently pursued in our country. The continuation of our policy to ensure peace, which can be achieved only by strengthening the economic efficiency of our state, has become for us inseparable from the mastery of science and technology. In a speech delivered at Gera on 13 October 1980 at the opening of the party's apprenticeship year 1980-1981, Comrade Erich Honecker stated in this respect:

"Considering the actual circumstances and the social requirements which we must take into account, we can no longer be satisfied with somehow extrapolating production growth as we have done until now."

"In the past few years already, we have had to ensure economic growth in spite of the slow-down in the volume increase of raw materials and fuels. In addition, the domestic and imported costs of these resources have increased rapidly. The 1981 plan and the five years ahead of us will be marked much more strongly by this necessity. We must provide increased performances, we must produce increasing amounts of finished products to meet the needs of our population and of our economy, and our export requirements; and all that must be done with energy resources and raw material quantities which remain unchanged or increase only slightly. To achieve this task has, in the fullest sense of the word, become a matter of life and death for our economy."

"The ability to master scientific and technological progress in order to achieve greater results at a lesser cost has become the factor which determines the rank of a country's economy. The more developed this ability, the better the country will be in a position to solve its development problems, the better off it will be on the world market, i.e. with respect to exports and imports; in a word, the better it will assert itself as one of the first industrial nations, even during hard times."

These remarks of Erich Honecker contain the fundamental tasks which we must set for ourselves as a whole.

The key question in securing the required performance increase is to improve efficiency by using more effectively our existing material and intellectual potential.

I would like to give a few key indicators which characterize the objectives of the chemical industry for the period 1981-1985: The present tentative plan for 1981-1985 provides for an average increase of 6.0 percent per year in the performance of the chemical industry. The increase in labor productivity averages 4.8 percent per year, the decrease in social costs 3 percent per year, and an average of 70 million hours of work must be saved annually. The means available to us to develop and modernize our basic assets during the period 1981-1985 must be used with the utmost effectiveness. In doing so, we must concentrate on the modernization of our existing basic assets.

The results achieved until now show that workers in the chemical industry are aware of their responsibilities and are providing high performances in the struggle to fulfill the objectives set by the Ninth Congress of the SED. And I would like to take this opportunity to express here my thanks to the members of the Chemical Engineering Association of our socialist engineering organization who have fulfilled their scientific, technological and production tasks, and have contributed to increase productivity and effectiveness in the chemical industry.

For the period ahead of us, the following strategical guidelines for the development of the chemical industry result from the orientations taken by our party and state leadership:

1. We must secure our raw material base by increasing the use of domestic raw materials such as brown coal, anhydrite and salts, as well as that of secondary raw materials, and we must make the fullest possible use of imported raw materials such as oil and natural gas.

2. Available chemical raw materials must be refined to the fullest extent to obtain valuable products which will yield a considerable increase in value even on the export market, fulfill the increased demands of the population and also serve as supplies for economic branches the development of which plays a significant role in continuing the social rationalization process in our republic; this, for instance, is the case of microelectronics. At the same time, we must develop highly refined small-tonnage products—such as plastic additives, plant protective and pest-control agents, pigments and catalysts, which can be used to replace imports from the non-socialist economic sector.

3. We must ensure the progress of scientific and technical rationalization and reconstruction of existing facilities in order to improve area/time yields and the automation level of the production process, to achieve technical safety and availability of the facilities, to minimize energy and raw material requirements and to improve the quality of our products.

On the basis of these strategic guidelines, I would like to emphasize a few points which need more special consideration and revision, from the point of view of process engineering:

1st Point

To achieve the greatest possible reduction in our consumption of oil products for energy-related purposes, and the best possible processing of the oil supplied to us by the Soviet Union, we must develop new process engineering concepts allowing a more thorough processing of that oil. In connection with the construction of the cracking and aromatic compounds production complex now in progress at the VEB Petrochemical Combine in Schwedt and the intensification of oil processing at the VEB Leuna-Werke Walter Ulbricht, these two combines and the VEB Chemical Plant Construction Combine in Leipzig-Grimma have contributed to develop the vacuum distillation of atmospheric residues and the facility for the hydrorefining of the vacuum distillate.

In addition, the future organization of our republic's oil refining industry must aim at achieving the full recovery of processing residues, i.e. their transformation into light products or their utilization as chemicals; this could be achieved through thermal cracking processes followed by gasification of the high-sulfur metal-containing solid residues. At the same time, we must create the conditions which will enable us to recover in much larger amounts the by-products of oil processing, such as aromatic compounds, paraffin, olefin and diolefin.

2nd Point

With respect to the material and economic utilization of brown coal, the following tasks are to receive priority, in accordance with our extensive oil-refining program:

- Development of a process to produce synthetic gas from brown coal through gasification of coal dust under pressure. The chemical industry is involved in the development of process-specific equipment, catalysts and appropriate compacting materials, at the Chemical Plant Construction, at the Leuna-Werke and at the Plastics and Rubber Processing combines, and is thus contributing to the development of such a process.

- Further development of the technologies of low-temperature distillation of coal. The main consideration in this case is to increase tar yields, to improve the quality of the liquid products obtained and to improve the energetic efficiency of the distillation ovens.

- Development of a process for the exploitation of the GDR's salt-containing coal reserves through the hydrogenation of brown coal.

- Improving the efficiency of carbide furnaces to increase carbide production to 1.4 million tons per year and at the same time reducing the specific power and raw-material consumptions, and progressively converting to the use of our own coke.

The optimum utilization of the primary products (coke, tar, light oils, synthetic gas and carbides) which are obtained in the process of refining coal is another focal point of scientific and technical work.

3rd Point

Considering that enough raw materials (rock and sodium salts, gypsum, limestone, fluorite and silicate) are available in the GDR to supply its inorganic chemical industry, we must develop and improve the methods and technologies used to process these materials. In particular:

- we must reconstruct and bring to a modern level the old chlorine production facilities of the VEB Chemical Plant Buna combine;

- we must improve the Mueller-Kuehne process for the production of sulfuric acid from gypsum so as to make it competitive with the sulfur-burning process, taking into account the accompanying cement production.

4th Point

The utilization of secondary raw materials is a must for the GDR if it is to cover its energy and raw material needs while at the same time lightening the burden on the natural environment and protecting it. As an example, here are a few figures:

One ton of thermoplastic wastes which remains unused represents a material loss to our economy of 2,000 to 5,000 M; it corresponds to the importation of 20 to 30 tons of oil and represents 6,000 to 15,000 kWh of energy.

By 1985, we must provide a raw material equivalent of at least 6 billion Marks as a result of the exploitation of economically important secondary raw materials and wastes. To do that, we must exploit some 29 to 30 million tons of secondary raw materials and wastes. For example, we must maximize the utilization of waste oils, plastic wastes, old tires, bones, fat slurries and spinning baths from the viscose-fiber industry.

Scientific and technical work must be directed primarily toward achieving the complex utilization of materials through processes and technologies which generate little or no wastes, creating closed material circuits, and developing new solutions for potential secondary raw materials which have not been usable until now. For instance, we must devote great attention to the development of processes and technologies for the recovery of sulfur during the combustion of carbon-containing materials.

5th Point

Because of its large raw materials and energy requirements, the GDR's chemical industry is dependent to a large extent on the development of foreign markets. This is why it is of extraordinary strategic importance to relieve our already high and steadily increasing foreign trade load by producing high-quality products, such as drugs, plant-protective and pest-control products, high-quality polymers, synthetic fibers, data-processing and recording materials. The development of effective processes and technologies, as well as that of specific equipment in these fields, must be accelerated.

The processes and technologies of technical microbiology, used to process and highly refine various primary and secondary raw materials, will gain increasing importance. Development in this field shows that they can be expected to have a revolutionary influence on the traditional processes and technologies used to obtain bacterial active substances (antibiotics, etc.), biocatalysts (enzymes), basic organic substances (amino acids, alcohols, etc.) as well as fodder protein. In the future, we should give increased consideration to the development and improvement of the processes and technologies used in this field and gear them to greater effectiveness, i.e. the development and advancement of biological engineering.

Extremely high qualitative demands will be placed on the contributions made by the chemical industry to electrotechnology and electronics, and especially to microelectronics. The tasks related to the development and improvement, or to the adaptation of processes and technologies to the production of trichlorosilane, silicon and epoxy molding compounds, high-purity specialty chemicals, extremely thin foils, light and radiation sensitive varnishes, and other products are to some extent to be accomplished paralled to investments.

In the combines of the processing and basic chemical industry, the production of new and improved consumers' goods on the basis of the available raw materials must be accelerated. The engineering and scientific cadres of the combines must cooperate intensively in order to create as soon as possible the conditions which will permit a production commensurate with our needs;

The third strategic guideline (reconstruction and rationalization of existing facilities) directly indicates the tasks which the engineering sciences must perform to further develop the chemical technology.

If we give a common economic denominator to all the above-mentioned tasks of the process-engineering and technological research, as part of the development of processes, facilities and equipment, including material technology, measuring, regulating and automation technology, reliability and availability, then the objective is the development of processes and facilities having greater area/time yield together with an improved effectiveness of the substance turnover, decreased energy consumption and the achievement of technical safety and availability and the simultaneous liberation of the labor force.

How should we undertake to accomplish these tasks, and what level of technological research in the chemical industry can we take as a basis?

Within the competence of the Ministry for Chemical Industry, approximately 16 percent of all college-educated cadres now have jobs related to technology and process engineering. Large amounts have been budgeted for research for the years 1981-1985.

The level of chemical technology is largely dependent on the state of basic research in the scientific area of process engineering, and vice-versa. Industry and basic research must encourage each other in the accomplishment of concrete tasks. In the design of the main research direction "process engineering" for 1981-1985, international comparisons and internal analyses have led to the conclusion that, as a whole, a further increase of the scientific level in the field of process engineering is necessary, and that both basic research dealing with process engineering and the process-engineering capacity of the industry must be extensively expanded and given a more pronounced fundamental character.

Yet, our systems process engineering in certain special areas is of the highest international level. The results achieved with respect to the reliability and optimization of process-engineering systems should be emphasized.

In the field of process engineering, good results have also been achieved. The main task of basic research in this field remains the exact description and design of processes, especially to find new technological solutions for processes which are important to our national economy, to improve process control and to investigate new process-engineering principles.

Another possiblity of evaluation of the level of technological research in this branch of the industry consists in translating processes to concrete facilities through the GDR's chemical facilities construction enterprises. The facility profile of the GDR's chemical facilities construction enterprises is characterized by 56 lines which are either already in production or should be technically realized by 1990; for 39 lines, the processes were supplied by chemical combines.

An analysis of license work in the chemical industry makes possible a further level evaluation. As is known, license granting and taking represents an important element in international economic relations and in scientific and technical cooperation, an element which is increasing in size and in significance. In all industrially developed countries, it is used purposefully and in a versatile manner to utilize the ever-increasing international division of labor, to increase exports, and for the short-term utilization of modern technologies with the simultaneous concentration of each country's scientific and technological potential on the achievement of international peak performances through independent research and the purposeful improvement of solutions obtained through licenses.

In the chemical industry, there is still an unsatisfactory relationship between research and development expenditures and income from licenses. For that reason, the general directors of the chemical combines and of the chemical facility construction industry must, in 1981-1985, prepare and carry out still more purposefully the exportation of scientific and technological results, especially the exportation of equipment and facilities.

What conclusions for the 1980's can we draw from all this?

The process-engineering research and development capabilities of academic institutions and colleges, of chemical combines and chemical facility construction enterprises must be more strongly coordinated and directed toward uniform objectives. The construction of the process-engineering research and coordination center of the chemical industry, under the direction of the chemical facilities construction industry and with the college-industry process-engineering research group at the Leuna-Merseburg Carl Schorlemmer technical college has so to say created--at both ends of the process-engineering development road--institutions which carry a considerable responsibility in the elaboration of their own process-engineering solutions and also in the overall coordination of the work.

Based on harmonized strategies on the part of chemical combines, process-engineering work must concentrate on focal points from the beginning of the research and development work and until its introduction. This is necessary because, even in the future, the chemical industry cannot research and introduce everything itself.

Based on anticipated investment provisions for the period 1981-1985 which, starting in 1983, provide for a structural modification on the basis of the strategic guidelines mentioned in our introduction, we must create the required scientific and technical preliminaries. The modernization of existing facilities must receive absolute priority. In doing so, closer cooperation between the chemical combines and the chemical facilities construction enterprises is unavoidable.

In addition to the chemical processes at the Schwedt, Leuna, Schkopau, and other combines, there are also such processes as:

- the injection-molding processes used in the plastics and rubber industry,
- the manufacturing processes used in the cosmetics and pharmaceutical combines,
- the production of small-sized coal products at the VEB electrocoal Lichtenberg, and
- the textile part of the synthetic fiber production at the VEB Synthetic Fibers Combine Wilhelm Pieck in Schwarza.

Together with the corresponding shipping, packaging and storing processes for piece goods, these processes of course constitute a focal point of rationalization in the years to come. The fact is that, in these processes, a large number of workers are still employed in monotonous, often difficult and unhealthy jobs. These jobs must be eliminated through the use of modern automats, conveyance and handling means, and industrial robots which, to a large extent, we shall have to manufacture ourselves. The use of removal devices has already enabled the plastics and rubber fabrication combine, and probably other combines as well, to acquire proven knowledge and experience.

What are the present requirements which the chemical facilities construction enterprises must meet in setting up modern facilities and equipment?

Basic process-engineering operations, for instance special drying processes, which have never been dealt with until now must be scientifically and technically studied and energy-optimized equipment and facilities must be made available. For instance, a suitable system is available for the fluidized-bed drier, for which the GDR has its own solvent principle.

Further, for pigments, plant-protective and pest-control agents, and for drugs, special equipment must be made available for high-pressure synthesis and for the selective separation of mixtures. With respect to the development of the latter equipment, not only ultrafiltration or reverse osmosis facilities, but also separation techniques based on silica gels and zeolites must be developed and improved. In this respect, cooperation with the chemical combines is indispensable.

Appropriate facilities must be made available for the energetic optimization of energy-intensive process stages. The stage arrived at in the fields of distillation, rectification and adsorption will provide a suitable starting base. Still greater energetic rationalization can be expected from the use of heat pumps.

Equipment technology must align itself on such requirements as:

- Securing a continuous mode of operation, extension of the pressure and temperature range to increase the intensiveness of the production processes, reduction of the process step number,
- Use of cheap materials and small masses, and high resistance to corrosion and abrasion,
- Development of suitable design documents to achieve optimum adaptation of the equipment to the operating conditions and extensive standardization, and
- Use of microcomputers, especially to optimize the control of raw-material and energy intensive process steps.

The progressive adoption of freely programmable and freely configurable automation means should increase the degree of automation of the facilities. This gives the possibility of taking better account of the characteristics of process-engineering systems, and of making better use of the systems reserves.

In 1981-1985, the chemical facilities construction industry will expand and become profiled so as to secure the material and technical completion of the chemical industry development investment program and of the export program. In this respect, the following tasks, among others, must be accomplished:

- delivery of caprolactam, oxosynthesis and fodder yeast facilities, facilities for the preparation and processing of oil, high-pressure Polymir-type polyethylene facilities,
- delivery of smaller facilities or complexes (e.g. lithopone, fodder yeast and alcohol facilities),
- participation in larger export projects in the chemical and oil-processing industry, in collaboration with cooperating countries.

As far as cooperation between the chemical facilities construction enterprises and the chemistry combines is concerned, the following conditions must receive wider acceptance in the future:

- The chemical facilities construction enterprises must increase its collaboration to the strategically important development of processes.
- The chemistry combines, together with the chemical facilities construction enterprises, must ensure the suitability of the processes exported to the socialist and non-socialist monetary sectors.
- The chemistry combines must utilize the advantages and benefits offered by the level-determining instruments and facilities provided by the chemical facilities construction enterprises. The cooperation between instrument and facility operators and manufacturers must be improved. Unity between technology and facilities (know-how) must be achieved.

I shall give an example to support what I just said:

At the VEB Chemical Plant Buna combine, the costly technology of PVC demonomerization in horizontal tanks--traditional until now--has been replaced by the use of an efficient column provided with "Perform" contact plates. The objective--to reach a residual VC monomer content of less than 10 ppm--was achieved and values of 5 ppm and less obtained.

What concrete contribution can we expect from fundamental process-engineering research?

The following tasks must be listed, as being important for the future:

- introduction of new operating principles in data collection and process control thanks to microelectronics (systems support for process control, algorithms for process optimization),
- improvement in the level of production preparedness and implementation through the computerized designing of complete processes as well as through the calculation, optimization and projection of dual material and energy production complexes,
- development and introduction of new operating principles to intensify material and heat transport,
- characterization of coarsely dispersed systems and material value assessment in the case of molecularly dispersed systems,
- modelization of the microprocesses of pore diffusion, catalyst aging, material and heat transport in the vicinity of phase interfaces,
- development of energy-efficient separation methods,
- creation of territorial system solutions for technical processes involving little toxic wastes,
- improvement of the calculation methods used for constructive instrument design and for strength problems, and study of the characteristics of materials under special stress conditions,
- continued development of design documents for process-engineering macroprocesses or process units, such as crystallization, drying, membrane-separation, polymerization, multiphase reactions, fermentation, extrusion.

Experience and actual technological references exist, for instance for:

- catalytic multiple-phase reactions of gasification processes,
- the heterogeneous catalytic three-phase reaction used for a more thorough oil-processsing,
- process analyses at existing facilities,
- improvement of the reliability of chemical facilities.

Allow me to make a few more remarks to present microelectronics in connection with process-engineering research and the development of chemical technology.

At the opening of the party's apprenticeship year 1980-1981 in Gera, Comrade Erich Honecker stated: "Using microelectronics means more than remaining passive, more than merely waiting for delivery. If you want to use these new technical means in an efficient way, you must contribute to their development yourselves and, therefore, reach an advanced scientific and technological level."

Increasingly, microelectronics will revolutionize process design. Already, the automatization and control of process-engineering systems is characterized worldwide by an efficient computerized process or microprocess technology. On what is it based?

At the beginning, I mentioned the requirements placed on the process-engineering development to achieve higher area/time yields while optimizing material turnover and energy consumption; they lead to the following:

- we must increase process speeds, especially through extreme process conditions, when the optimum working points often lie in the immediate vicinity of the stability limits,
- we must increase process selectivity, especially through improved catalysts, in which case increased catalyst activity is generally accompanied by an increased sensitivity to poisoning, which leads to an increased sensibility of the process as a whole,
- we must reduce our energy consumption, which will result in an increase of energy recovery,
- we must increasingly convert to continuous and near-continuous process control, even in precision technologies, without restricting production variability which, in this field, is a necessity.

As a result of these process-engineering developments, increased requirements will be placed at the automation level, which cannot be economically fulfilled by traditional industrial measurement, control and regulation techniques, nor by process design techniques without coming into conflict with the requirement for an increased availability of facilities. The alternative is, on the one hand, the increased utilization of microelectronics to effectively solve valuable control problems and, on the other hand, to ensure longer working hours of the facilities.

The experience and knowledge which has already been gained at some combines must be expanded as soon as possible. In this respect, I expect that the scientific section on automated design of the Association will actively continue to organize exchanges of information and to make original scientific contributions. The required research must be synchronized still more concretely than before between chemical industry combines, the academic institutions and the Academy of Sciences as well as the chemical facilities construction enterprises. In the chemical facilities construction industry, the microelectronics leading-application center of the chemical industry, among others, has begun its work as the central research, development and coordination organization of the Ministry for Chemical Industry with respect to microelectronics applications.

These comprehensive and demanding tasks can be solved only through a purposeful organized cooperation of the research and development organizations of the combines with the Academy of Sciences and academic research organizations. The chemistry combines must analyze individual segments of the reproduction process to deliver the impulse that will show how science and production can become more effectively related. On the basis of efficient chemical processes, the requirements placed on process-engineering technology must be determined and the required research and development potential must be brought into play. In this way, we must make it possible, first, for the chemistry combines and the chemical facilities construction enterprises to transfer to process engineering the advances achieved by advanced and basic research and, second, for the Academy of Sciences and academic institutions to concentrate their research capacities in the field of process engineering on more substantial tasks.

In this spirit, I wish the annual session of the Chemical Engineering Association, the Chamber of Technology and processing engineering a successful issue.

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CSO: 2300/225

HUNGARY

HUNGARIAN-ALGERIAN ECONOMIC RELATIONS DESCRIBED

Budapest MAGYARORSZAG in Hungarian No 19, 10 May 81 pp 8-9

[Article by Endre Gomori: "Encouraging Future"]

[Text] The Economic Environment--The Chances for "Thinking It Over"

The muezzin's early afternoon chant, announcing Allah's greatness, filters into the small office of the head of the Hungarian economic mission. This is the message of Islam in Algeria, a country with one of the most comprehensive and most sober economic and social revamping plans in the Arab world. Seven Hungarians (with the aid of the same number of local employees) guide and organize Hungarian foreign trade relations in this office, in a country which at this time is among our country's most important partners in the developing world, and whose importance is growing. (In this connection, Hungarian-Algerian foreign trade links have been in third or fourth place for the last 3 or 4 years.)

Messages Flowing In

Besides the muezzin's voice, other messages are also streaming in through this small office window. This is a complicated world with complex growth and many contradictions.

Down near the harbor, Japanese businessmen are swarming now in the hall of the Hotel Aletti (which at the time of the war of liberation served as a sort of news reporter's base). Their presence and the long line of ships waiting in front of the harbor tell that oil and natural gas are still flowing plentifully in Algeria, and they are sure sources for not just foreign currency but also for industrialization.

At this time, Algeria is a medium-sized oil producer in worldwide terms, with production in the order of magnitude of 50 million tons per year. Its discovered oil reserves assure the maintenance of the present production level for two to two and a half decades. And in the background, sort of as insurance, are its natural gas reserves which are third or fourth in the world. This was, and has remained, the basis for industrialization. They worked at high speed, with a 40 percent accumulation rate, to create secure foundations for the state sector's fundamental industrial branches. They spent huge sums not only for petroleum chemistry, but also for metallurgy, and for some branches of electrical machinery industry. (It is a different question that the results have not always corresponded to the momentum of the intention. The technology they invested in is still not being used with an adequate degree of economic efficiency.)

At one time a French memorial stood in one of the city's main squares which, in colonial times bore the resounding name of Forum, and where the extreme rightist generals rebelling against DeGaulle stood on the balcony of one of the mansions. Only the empty granite base can be seen now. The soldier figures have disappeared from it. They have disappeared just like the French experts, who held in their hands every key position in the economy and administration, did after the revolutionary changeover. To this day Algeria is forced to bear the weight of this bitter emigration. They have not been able to solve the problem of training the large number of needed experts, and this is also related to the unsatisfactory degree of efficiency of the investments. At this time, about 45,000 foreign experts are working in the country. And the ratio (about 10,000 came from the socialist countries) indicates that in certain key areas of the economy the problem of [lack of] experts is at the same time also the problem of the remainders of economic dependence.

A similarly basic message arrives from the shelves of the food supermarkets: the message of lack of proportions in the industrialization policy which is understandable by itself and which is controlled by the national revolutionary goals. What is actually involved here is that until 2 years ago such a forced and one-sided industrialization policy was being pursued that the development of agriculture and water management fell short behind it. Its consequence has been the swelling up of food imports. It is now seven times as high as the average of the years 1967 through 1969.

The New Five Year Plan

Imports supply 30 percent of total agricultural consumption and 63 percent of grain. About one-fifth of the income derived from oil and gas exports has to be spent on food.

And finally: the sea of humanity on the streets is a message of elemental strength. It says that the population increases in this country at the unheard of high rate of 3.2 percent per year, and even at best it will be possible only after 1990 to force it down to less than 3 percent. In terms of numbers, this means that the country had 10 million inhabitants at the moment of freedom. It has 19 million today--and by the turn of the century it will have 35 million.

The effects of the "messages" on each other speak of great dynamism and of great problems inseparable from it. However, the Algerian economic policy is undergoing changes, and so is the system of coordinates together with it, within which the bilateral economic relations between Hungary and Algeria are developing. Two years ago the era of well-thought-out and sober evaluation got under way in Algeria's economic policy. This will create the foundations for new opportunities.

The structure of Algeria's foreign trade is characterized by the fact that oil and oil products provide almost 98 percent of the exports. At the same time, investment goods and semifinished products together account for over 70 percent of the imports--roughly in the proportion of 39 and 33 percent, respectively. And food imports, which in 1977 were below 15 percent, today amount to over 20 percent of total imports.

At the same time, this structure has until now quite unambiguously also determined the proportions of the relationships. The United States is the largest customer, with over 49 percent, and the Common Market is second with 35 percent. The biggest seller to the Algerian market is the Common Market, and within this, first of all France, the FRG and Italy. (The American share is very low here, 6.1 percent.)

Because of the character of the structure of Algeria's exports, the socialist countries, as per necessity, do not offer themselves too much as buyers: their share is only 2.7 percent. Their share of imports also fluctuates around 4.7 percent. And at the present time the overall foreign trade ratio is around 4 percent. (According to the Hungarian experts working in the country, it would count as a significant result if this ratio could be raised to 6 percent in 2 or 3 years.)

Investment Policy

Returning to the characteristics of "reevaluating" the economic policy which will also determine the future of Hungarian-Algerian foreign trade, these can basically be characterized as follows: 1. A practical freeze on investments has been ordered since 1979. Within this, the theory that fixed-asset imports can be implemented only within the framework of credit construction made available by the selling country is being enforced with special consistency. 2. The excessively steep rate of industrial development is being moderated. Within this, a separate energy-policy resolution calls attention to the fact that the goal must be reasonable growth which is suitable to create an independent economic structure, that is, that the country's economic independence should be able to be assured "even in the post-oil era." 3. The decision has been made to put more emphasis on medium-level technologies, the use of which will insure better efficiency at the present level of the country's supply of experts, in contrast with the previous era of "industrialization rush" characterized by buying the most modern, first-generation technologies which could hardly be taken advantage of locally. 4. The disproportions which became sharper in the era prior to 1979 must be softened. In accordance with this, agriculture must be supported more vigorously and relatively larger financial tools must be committed to social policies, housing construction and improving the infrastructure.

To some extent, these theories are already being implemented in the investment policies of the new five-year plan. No less than 32 percent is being spent on social goals, and 12 percent (in monetary terms, about $12 billion) on agriculture and water management. Of course, industry continues to have a large share (21 percent), as does the separately managed oil and natural gas industry (another 16 percent). The infrastructure receives 9 percent, transportation 8 percent.

Differentiation

Modification of the system according to which the large import deals were always made during the course of competitive international negotiations (tender) is an extremely important element of the changes from the socialist, and within this, from the Hungarian viewpoint. This did not favor the socialist countries because the problems of deliveries with short deadlines prevailed, and the technology continued to be tied even more strongly to the Western bases. Algeria recognized that differentiation of its foreign trade to as great an extent as possible is in the best interest of its long-range economic strategy, and this is even in its political interests. Since growth of trade with the developing countries cannot really be counted on in the near- and medium-range future, considering the country's needs and production structure (the present share of this relationship is under 3 percent), the socialist world may become a real partner in this differentiation over the longer range.

Within the system of conditions of the above factors, greater opportunities than before are opening up for the Hungarian-Algerian economic and trade relationships. When the meeting of the Algerian-Hungarian intergovernmental joint commission was held in Budapest in the fall of 1978, the value of Hungary's exports to Algeria was $19 million, and the value of imports was $6 million. Export data show that the value of Hungarian exports was $49 million in 1979, and $60 million in 1980. This latter represents an increase of 28 percent over the previous year, which was the largest increase for 1 year in the relationship's history.

As far as imports are concerned, they were $6 million in 1978, 5.5 million in 1979, and 8.2 million in 1980.

The machinery industry stands out in the export structure with its share of 42 percent. This is followed by agriculture with 27 percent, raw materials and semifinished products with 25 percent, and consumer goods with 6 percent. (The structure of Hungary's imports from Algeria is, in accordance with the partner country's natural conditions: about 63 percent raw materials, somewhat over 32 percent agricultural products, and the small balance is consumer goods and energy sources in a 50-50 split.)

Returning to the Hungarian export structure: The Hungarian experts working on the scene are right in the opinion, considering the above outlined reconsideration process of Algeria's economic policy, that Algeria may become a more and more significant foreign trade partner for this country and within this it can become a particularly stable market for the Hungarian machine industry's exports, in view of the possibility of long-range contracts as well as of the theoretical evaluation of technology import.

The Joint Commission's Meeting

Breaking it down by enterprises, at the present time the AGRARIA, KOMPLEX [Export-Import Enterprise for Factory Equipment], the CHEMOLIMPEX [Foreign Trade Enterprise for Chemical Products] and the TESCO [Office and Technical-Scientific Cooperation] are the export leaders. The strongest growth from the viewpoint of dynamism was recorded by the MEDICOR [Medical X-Ray Equipment Enterprise] and METALLIMPEX [Foreign Trade Enterprise for Steel and Metal]. The main task of 1981 is: Simultaneously with further building up our present positions, we should break into the market particularly with the products of AGROINVEST, METRIMPEX [Foreign Trade Enterprise of the Instrument Industry], Ganz-MAVAG [Ganz-Hungarian State Iron, Steel and Machine Factories], and Hungarian Ship and Crane Factory, and MOGURT [Foreign Trade Enterprise for Motor Vehicles]. This requires resilient and responsible marketing work. (In 1980, in the export relationships with the above-mentioned $60 million, we were in fourth place behind the Soviet Union, Romania and the GDR. This was explained by the characteristics of the individual relationships. In the case of Romania, for example, it was the export of equipment for the oil industry.)

It can be said on the basis of all these things that Algeria's changing economic strategy as a whole created favorable conditions for the sixth session of the Hungarian-Algerian intergovernmental joint commission held in Algiers in April. (Both negotiating teams were led by their chairmen: by Abraham Kalman, the minister of construction and urban development, and Ahmed Ali Ghazali, the minister of housing and urban construction.) The negotiations ended with the signing of an extremely interesting report, the most concrete one in the history of the joint commission's work and of the economic relationship between the two countries.

The report plans to make cooperation between the two countries permanent and more versatile in the construction of housing and social facilities, in light industry, in agriculture, and in the training of specialists. As far as the construction industry is concerned, the report speaks about building 5,000 apartments in two Algerian megyes (Guelma and Annaba). In addition to this they also agreed on the construction of several hospital centers, schools, and institutions for training specialists.

With respect to agriculture and water management, an agreement was reached to set up showcase farms in Algeria, to further develop the modern poultry raising enterprises, and to build water-management facilities. Emphasis was placed in light industry on improving the cooperation of intermediate plants, and the realization of the already mentioned machinery industry export opportunities is promised especially by the negotiations now in progress about supplying locomotives and mass transportation equipment.

Much attention is paid also to technical and scientific cooperation. A decision was reached about increasing the number of Hungarian specialists working in Algeria, and about the role Hungary will play in training the specialists Algeria has had to replace.

All this visibly reflects the new opportunities which derive from the "reevaluation stage" of Algeria's economic policies. The agreement included in the report, according to which contracts valid for several years are being prepared with appropriately detailed lists of goods, represents a practical implementation of this.

Under One Roof

In the summer of 1981 the muezzin's message and a dozen other messages about Algeria's economic and social realities are filtering into a modest little working office.

Perhaps it can also be considered a symbol that the plan of building a common office building has arrived at the stage of implementation. Together with the trade mission, it will provide a home under one roof for the 12 Hungarian enterprise field offices and services now operating in Algeria in 6 different locations. And just the same way, the encouraging future of the growth between the two countries may also be symbolized by the calculation that this new home of the Algerian-Hungarian economic presence would "pay for itself" in 3 years.

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CSO: 2500/246

EFFECTS OF INTERNATIONAL ECONOMIC ENVIRONMENT WEIGHED

Budapest NEPSZABADSAG in Hungarian 22 Apr 81 p 10

[Article by Andras Koves, section head, Business and Market Research Institute: "Our International Economic Environment in 1980-1981"]

[Text] Recent assessments concerning developments in the world economy and in international trade that have been prepared by the Business and Market Research Institute demonstrate that--as in the situation during the second half of the 1970's--the Hungarian economy will continue to face unusually difficult international conditions. Neither in the world economy as a whole, nor in our more immediate surrounding, i.e., in the CEMA states, are there any notable tendencies that would point to a significant "softening" of these conditions.

The Developed Capitalist States

In wake of the declining increase in the economic growth of the developed capitalist states during the past few years, by the turn of 1980-1981 this growth had reached a low point. Granted that as compared to the recession of the years 1974-1975--which proved to be the most serious of the post-World War II--this one promises to be relatively moderate and short in duration. According to estimates concerning last year's totals--and compared to 1974-1975, when production declined--the economy of the developed capitalist states even registered an increase during 1980, even though minimally by almost 1 percent. Among the main capitalist states, the lowest rates were registered by England and the United States, where, as compared to the previous year, production declined by 2.7 and 0.1 percent respectively. West Germany and France each witnessed a growth of about 2 percent, while in Italy this growth was nearly 4 percent. At the same time Japan was almost immune to the recession, for it registered a 5-percent growth. The overseas countries are already on the road to recovery, and by the spring or summer months Western Europe should also be on its way.

Innumerable economic and social factors have contributed to keeping the extent and length of the current recession relatively moderate. One can mention, among others, the changing attitude of the West European labor unions since the mid-1970's, i.e., their greater "understanding" toward business needs. Of equal significance is the fact that the more immediate methods of state control over the economy through various administrative measures--as compared to indirect methods--have been relegated to a position of secondary importance. Also noteworthy is the fact that today the capitalist world is not burdened down by superfluous supplies and unutilized capacities as in 1974-1975. Moreover, consumers have also avoided the panic of earlier years.

Notwithstanding the expected upward movement from the current low point--which undoubtedly will lead to a revival, if not in 1981, then at least in 1982--the capitalist countries will probably remain on the path of a slow and uncertain growth. Based on the experiences of the last few years, we are well aware of the difficulties in trying to find that "narrow path" that is sought so diligently by all Western economists and economic policy makers, and that leads simultaneously to the decline of the high rate of unemployment, inflation and deficit spending. In addition to a number of seemingly objective, if disturbing external factors--such as the jump in oil prices on two separate occasions within a short span of time--the lack of political and economic decisiveness by governments has also played a role in this.

Even this relatively modest economic recession has brought with it a decline in the imports of the developed capitalist states. Although only slightly, the volume of their 1980 imports has stayed below that of the previous year. The primary reason for this is that they have purchased less oil and raw materials abroad than earlier. Trade in manufactured products, however, declined much less. The total volume of world trade during the past year increased only 1 to 2 percent. Within that, however, trade in manufactured goods increased 3 to 4.5 percent, which is only slightly less than the previous year's average.

During the second half of 1980 and during the early months of 1981, one could increasingly feel the stagnation and even the decline of demand. We are safe to presume that not even the expected recovery will produce a rapid growth of import needs in the West. That growth will probably take place only in 1982.

In the midst of such sagging demand for exports, the drive to increase exports will further intensify. For this reason, in the course of the next few years, we will have to reckon with an intensification, rather than with a relaxation in the competition for world markets. This will be particularly true in those branches in industry that were particularly hard hit by the recession. These include light industry, metallurgy, the chemical industry, and the automobile industry. These are also areas where we can probably expect the introduction of protective measures. It is most unfavorable to us that within the Hungarian exports directed toward the West, the products of the above branches hold a significant portion.

Sharp Competition

In light of the above, we can hardly expect improvements in general business trends. Thus, the foreign trade achievements of individual countries will depend to a large degree upon their own capacities. One should not forget that the stagnation or the relative slow growth of market potentials impose limits only upon the sum total of all exporters. The position of individual exporters as regards each other, however, can develop in many different ways even under such circumstances. By outperforming and by eliminating their rivals, they can increase their share of sales even on stagnant markets. On the other hand, countries that cease to remain competitive can be pushed out even from dynamically expanding markets. This is particularly true for exporters such as Hungary whose products constitute only a small fraction of the volume of trade of one or another of its trading partners.

In the course of the past decade, the trend in oil prices became one of the basic factors in the development of the world economy. The above-described decline in Western economic developments is one of the direct results of the fact that in the course of 1979 and 1980 the price of oil on the world market increased 140 percent. The Hungarian economy also felt its impact, although it did so more indirectly than directly. For us the indirect impact, stemming from the decline of world markets and from the growth of inflation, is more serious than the direct impact of the rise of prices of various oil-based chemicals and other related goods purchased on Western markets.

Conditions Within CEMA

Although only gradually and with some delay, the higher oil prices are having their impact also on the economic agreements within CEMA. Thus, the establishment of CEMA oil-price levels for 1981 was already made in light of the price increases experienced in 1979 and 1980, respectively.

Trade conditions within CEMA are also becoming increasingly difficult for us; and this is so not only because of outside influences connected with the rise in world prices. On the contrary, the input of the latter development is being mitigated by the fact that prices within CEMA are lower than the existing world prices, and that oil imports (as well as most raw material imports) are being calculated in rubles.

The impact of price changes are inseparable from developments in the volume of trade; and the latter are influenced primarily by trends in economic growth. As reported by official statistics and as revealed by the economic plans of CEMA countries, their industrial and agricultural growth is substantially lower than has generally been customary. This fact, however, has nothing to do with their relative prosperity or lack of prosperity. It is rather the byproduct of certain permanent changes in the conditions of their growth. This relatively slow rate of growth is naturally accompanied in several countries by certain external and internal economic stresses. These stresses, in turn, influence the development of their mutual trade relations. In general, problems are caused not only by the rise in the prices of domestically produced goods, but also by the fact that these stresses compel all of these countries to exert themselves more than ever. They have to increase their exports to the capitalist countries, while at the same time they have to satisfy domestic needs as well.

This tendency of declining growth is evident even in those raw-material-producing branches of industry that have always occupied a significant position among the cooperative ventures within the CEMA group. For this reason, Hungary will also have to adjust itself to the situation that during the upcoming period trade in such products will not increase. This situation produces a number of goals and a number of problems. The most obvious among these is the need to reduce the use of specific materials and energy. There are two basic ways of doing this: First, by encouraging austerity through increased price sensitivity in industrial management, and second, by developing the economic structure in the direction of less energy-intensiveness. The former of these can only be achieved as part of our determined effort to continue on the path of our economic reforms. The latter, on the other hand, necessitates that our investment and other sources be distributed in a manner different from the traditional ways. Moreover, notwithstanding the acute situation in foreign trade, this goal still requires the speeding up of technological modernization and the continued importation of machines and equipment from the developed industrial countries. Nor will it be possible to avoid increasing the importation of certain new materials from the non-CEMA countries. The satisfaction of our import needs, therefore, can only be achieved through the modification of our relative import structure. This, in turn, will have to be taken into account in our economic policy and economic planning as a factor that is bound to influence our development.

Political Factors

On top of all this, we will also have to take into consideration that, in light of the reduction of trade among CEMA countries, we can restore the equilibrium of our trade with these countries only by dynamically increasing the volume of our exports, in spite of the slow growth of imports. Nor should we forget that increasing our exports to the capitalist countries also implies increasing imports from there. This makes it even clearer that the development of our exports faces some difficult conditions.

Finally, we must also make references to another component of the international environment of our economy, namely the situation of international politics. In addition to economic factors, the results of our efforts to increase international trade will also depend on our ability to improve the political conditions of our foreign trade: conditions which have generally worsened in the course of 1980.

9271
CSO: 2500/229

SLOW REDUCTION IN STATE SUBSIDIES NOTED

Budapest HETI VILAGGAZDASAG in Hungarian 2 May 81 pp 38, 39

[Interview with Antal Pongracz, chief of the State Budget Department within the Ministry of Finance, by Gyorgyi Rajna]

> [Text] There have been frequent charges against the central organs that excessive special regulation makes assessment of economic activity uncertain and obscures the distinction between profitable and less profitable economic activity. Although the rise in subsidies has slowed down in recent years and last year in particular, more than two-thirds of the profits of enterprises and cooperatives still stems from this source. We interviewed 34-year-old Antal Pongracz, chief of the State Budget Department within the Ministry of Finance, about the reasons for this.

HETI VILAGGAZDASAG: It was said already in 1968, at the time of the economic reform's introduction, that financial subsidies for the enterprises would be necessary only temporarily. Were these expectations too optimistic?

Antal Pongracz: No financial expert ever thought that the subsidies and windfall taxes, which necessarily supplement general regulation, could be abolished once and for all. But they did think that the volume of subsidies and windfall taxes, and the scope of special intervention, would be reduced. For it was safe to assume that our increasingly more flexible price mechanism would transmit to production and the consumers the price ratios of the world market.

The sharp rise in world-market prices in 1973-1974, the inadequate ability of our enterprises to compete, and a mentality that overemphasized the importance of enterprise stability played the decisive role in that this process was delayed. In the meantime, the special subsidies that neutralize the real price limits spread, the price system and financial system became confusing and provided ever less guidance even at the enterprises for determining the real production costs. And the central organs, of course, often granted the requests for subsidies, specifically because a real yardstick for measuring economic performance was lacking.

The situation became increasingly intolerable in the late 1970s, and the slow curtailment of subsidies began. Since 1977, the annual growth rate of subsidies dropped from 20 to 30 percent, and even higher in some instances, to 5 percent at present. This was necessary because the state budget's deficit was increasing faster than had been expected, while at the same time enterprise profits were rising. We decided at that time to replace with credit a proportion of the subsidies for development and marketing.

HETI VILAGGAZDASAG: The modified system of regulation and the new price system introduced last year now enable also the state budget to review its subsidization policy, and to reduce or even abolish subsidies. Will fiscal management be able to implement this consistently?

Antal Pongracz: All our plans cannot be realized overnight. In any case, we made considerable progress last year. We set the rate of tax refunds almost uniformly at 10 percent, in contrast with the wide range of rates applicable earlier. Incidentally, nearly 80 percent of all subsidies are being granted on the basis of uniform, normative evaluation. The earlier tax and depreciation benefits and exemptions that we abolished--these were direct forms of subsidy that confused the most our evaluation of real economic performance--were in the order of several tens of billions of forints.

Some result is already evident at the enterprises whose starting conditions have thus become identical: the output of less profitable products has been curtailed to some extent. But to ensure truly identical starting conditions for all economic units, we have granted a respite and are providing so-called production-modernization subsidies in cases when the profitability on sales is still unfavorable but the proceeds from sales are essential. These subsidies will be phased out gradually, over a period of four to five years.

HETI VILAGGAZDASAG: Is this another life belt?

Antal Pongracz: I would not call it that. Admittedly it gives the enterprise a respite in strictly applying the requirements of the world market in its domestic pricing. In my opinion, however, the economic units must be given an opportunity, a hold, to change their production structure, and they need time for their production-development concepts to mature.

Were we to set the bar at an insurmountable height, the weaker economic units would go bankrupt sooner and would not even try to survive when their survival seems hopeless to begin with. For these enterprises we must set the requirement of an improvement that they can realistically achieve each year. In my opinion, even this deliberately adopted differentiation in regulation will bring more clearly to the surface the shortcomings of economic activity.

HETI VILAGGAZDASAG: Is such a degree of differentiation imaginable that some of the enterprises will go bankrupt in the end?

Antal Pongracz: Statutory provisions have just been promulgated on how to regulate the situation of the economic units that are encountering financial difficulties. The essence of these statutory provisions is that the enterprises that are unprofitable or have a shortage of capital must solve their problems with the help of their internal resources. They may obtain credit and subsidies only as a last resort, when their activity must be maintained anyhow--in the interest of supply, for example--and if a substantive improvement in economic activity can be expected as a result of the subsidy. In such cases the enterprise concludes an agreement with the Ministry of Finance. The agreement specifies the requirements, and also the financial and personnel sanctions of shortfalls. The new procedures are stricter than the previous ones, and on their basis it is possible that a few economic units might go into liquidation.

HETI VILAGGAZDASAG: Last year's experience does not seem to reflect these efforts.

Antal Pongracz: Perhaps not at first glance, because the volume of subsidies--132 billion forints--was the same as two or three years ago. However, both national income and production costs have risen sharply since then, and the same level of subsidies therefore represents a reduction in real terms.

You should also know that 40 percent of the subsidies are consumer-price subsidies that increased by more than one-third during the given period, for reasons associated with our policy on the standard of living. We have significantly reduced the price subsidies of a few items: clothing, furniture, and food. But we still have too many production and consumer-price subsidies whose effects are contradictory and difficult to trace. Perfection of our price system, and clearer regulation of personal incomes that better satisfies society's sense of fairness would certainly require significant moderation or even reduction of a large proportion of the subsidies. But this can be realistic only as a long-term objective, because it would require comprehensive and consistent rethinking and revision of all the instruments of our distribution policy: of wage regulation, social benefits, consumer prices, the system of taxes paid by the population, and housing-construction subsidies.

HETI VILAGGAZDASAG: Have we finally been able to eliminate the negative spread of our price system, i.e., is the consumer price level now higher than the producer price level?

Antal Pongracz: Here we are able to report a slight improvement. The sharp rise in energy prices and other price changes on foreign markets since the second half of 1979 did not allow us to reduce consumer-price subsidies last year in accordance with our earlier expectations. To protect consumer prices during the year, we were even forced last year to increase price subsidies, for example, on household energy and passenger fares. In this way the two-percent positive price spread that we "sweated out" with considerable difficulty in the course of planning actually shrank to a minimum. Admittedly we have made some progress in subsidizing producer prices, and we are using such subsidies mostly where the moderation of producer prices is necessary for considerations of our policy on the standard of living, for example, to the producer prices in agriculture and the food industry, in the storage of fruits and vegetables, in the sale of small farm implements, manufactured fertilizer and plant portectants, and in the production of bricks. Also here there are debates on the alternative of "either price or subsidy," but it seems that most of these subsidies still have to be maintained for the time being.

HETI VILAGGAZDASAG: Many people contend that subsidies are unnecessary because they provide protection, hamper the profit incentive and create unequal conditions. What is your opinion about this?

Antal Pongracz: Subsidization will always be necessary, for a variety of reasons. For example, in interest of achieving the objectives of our policy on the standard of living, because of the different price and competition conditions on capitalist markets and the domestic markets, and to promote preferential central objectives. However, the extent and scope of subsidies should be curtailed sharply, and we can be expected to wage fierce battles for every penny also in the future. We wish to continue unification of the standards for subsidization, abolition of the still existing windfall taxes, and conversion of development subsidies into credit. In the sphere of noncompetitive pricing we are seeking solutions to set higher performance criteria and simultaneously to reduce subsidies. The factoring in of about 70 to 80 percent of the foreign price increases in this sphere is still blocked with state funds. I think that modest subsidization can stimulate development. But extensive and unnecessary application of subsidies is harmful in that it encourages complacency, preserves the existing production structure and provides artificial protection.

1014
CSO: 2500/255

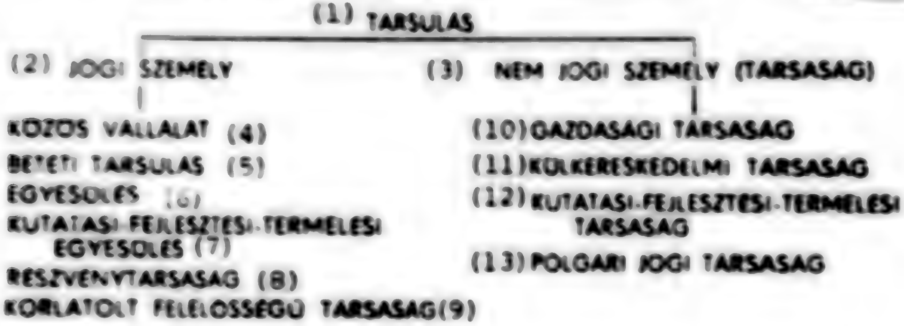
FORMS OF BUSINESS ASSOCIATIONS IDENTIFIED

Budapest HETI VILAGGAZDASAG in Hungarian 2 May 81 pp 24-26

[Article by Agnes Cseresnyes and Ivan Gara: "Business Associations"]

[Excerpts] Diagram of the Forms of Association

Let us review what forms of association our existing laws offer those who wish to establish associations. But first a slight clarification and definition of concepts will be in order: according to the usage of the Civil Code and of Law Decree No 4 of 1978 on Business Associations, association is a broad concept that covers the associations that are legal entities, as well the associations that are not legal entities. The latter are called partnerships. The difference lies in that the associations that are legal entities have assets distinct from those of their founders and are solely responsible for their actions of legal significance. The following diagram gives an overview of the present types of associations:


(1) TARSULAS
(2) JOGI SZEMELY
(3) NEM JOGI SZEMELY (TARSASAG)
KOZOS VALLALAT (4)
BETETI TARSULAS (5)
EGYESULES (6)
KUTATASI-FEJLESZTESI-TERMELESI EGYESULES (7)
RESZVENYTARSASAG (8)
KORLATOLT FELELOSSEGU TARSASAG(9)
(10) GAZDASAGI TARSASAG
(11) KULKERESKEDELMI TARSASAG
(12) KUTATASI-FEJLESZTESI-TERMELESI TARSASAG
(13) POLGARI JOGI TARSASAG

Key to diagram:

1. Association
2. Legal entity
3. Not a legal entity (partnership)
4. Joint enterprise
5. Limited association
6. Syndicate
7. Research, development and production syndicate
8. Corporation
9. Limited liability company
10. Business pertnership

[continued]

11. Foreign-trade partnership
12. Research, development and production partnership
14. Civil-law partnership

The members of a joint enterprise form it to develop their joint business or to promote their joint business interests. The limited association is the legal form of association with limited liability. Here the members are liable for the association's losses only to the extent of their investment. This is in contrast with the joint enterprise where the members are liable for the entire loss.

The syndicate--unlike the preceding forms--is formed not for business activity, but for the purpose of coordination among its members.

A research, development and production syndicate or partnership may be formed to attain R & D results, to apply them in production or to market them, to jointly bear the associated risk, and to share jointly in the profit.

The foreign-trade partnership is the form of association of an enterprise authorized to conduct foreign trade, and of some other economic organization, for cooperation in foreign trade and related activity.

Finally, citizens, or economic organizations and citizens, may form also civil-law partnerships.

Since 1978, a corporation or limited liability company may be formed only with the participation of a foreign shareholder.

Business Associations

The 1977 revision of the Civil Code recognized association ownership as a separate form of ownership, in addition to state, cooperative, personal and private ownership. But although the law emancipated this new form of undertaking nearly four years ago, in practice it is still often regarded as a minor even today.

Already the Civil Code of 1959 permitted the formation of civil-law partnerships, within narrow limits. Then from 1968 on, parallel with the reform of the system for managing the economy, attention again focused on associations, mostly in the cooperative sector. But their real renaissance and spreading date back to the promulgation of Law Decree No 4 of 1978 on Business Associations. The widespread belief at that time, held by some even today, was that the work was complete, and the creator could watch developments with arms folded.

Since then, however, a dumping of associations has focused attention on certain shortcomings in our system of associations, and in the inseparable systems of economic and legal institutions. For it became evident immediately at the start of the wave of associations that the momentarily available forms of association were inadequate. Practice demonstrated that our associations are capable of far more diverse activity than what the statutory provisions take into account, and therefore different forms of risk-taking and liability are required. Take a quick glance at the schematic diagram of the forms of association. The difference in terms of liability is clearly evident between two forms of business association: the joint enterprise and the limited association.

Although Law Decree No 4 of 1978 clearly defined the differences in terms of liability, subsequent detailed regulation obscured the distinctions. Thus it is not possible to fully utilise the inherent advantages of associations as usually small organisations that are capable of undertaking even larger-scale business ventures, with their small but flexible capital and considerable know-how, and by sensibly limiting the risks they take.

It seems that evaluation in the economy is still linked mostly to size. It could also be said that we still lack a developed small-enterprise model, and therefore also the associations are measured by standards applicable to large-scale enterprises.

Official (local-council or ministry) approval is also necessary to form associations that are legal entities. It is not simple to get such approval. It often takes 3 to 6 months to obtain all the permits, to register the association, to open a bank account under the single-account system, etc. The procedure becomes even more complicated when a mixed enterprise has a foreign shareholder. In this case, according to the statutory provisions now in force, the Hungarian party must report the preliminary negotiations, obtain permission for substantive negotiations, and then the articles of incorporation must again be approved. This unquestionably serves to prevent the formation of frivolous mixed enterprises, but perhaps repeated approval should not be necessary for this purpose.

Up to now we have discussed only the legal and official problems of forming associations, and we have not dwelt on the by no means negligible question of how the national economy received the new organizations. It would perhaps be the most accurate to say that the economy received them with surprise. For these, mostly small, organizations have numerous irregular characteristics. In the everyday life of the associations, for example, it is difficult to exist today without a supervising ministry. For the supervising organ of an association is its board of directors, consisting of the association's founders. Although this is clearly stated in the statutory provisions, the officials concerned will demand, out of sheer habit, a stamp of the ministry if the association wishes to rent a post office box or open a bank account. The number of stamps required may increase in the not infrequent case when the association is intersectoral, i.e., when its founding enterprises belong to different sectors.

The director of an association complained recently that our regulations barely permit the economical use of manpower. At small organizations, for example, two officers would be sufficient to handle business matters.

The regulations, however, state that it is incompatible for the officer who signs vouchers to also audit them or handle disbursements. Small organizations should not need separate officials for industrial safety, motor vehicles, fire protection, etc., but someone must handle also such matters. The fact that we lack accounting, statistical-reporting and personnel-management systems tailored to the needs of small organizations results in excessively large white-collar staffs.

During the past 36 years we have become disaccustomed to the idea that our jobs might in jeopardy. Today the workers in offices, at enterprises or cooperatives, usually change jobs voluntarily, with few negligible exceptions. However, the employees of associations must face also a new element of risk, i.e., the possibility that their employment could cease, for the simple reason that the founders might decide to dissolve the association. It seems that many persons are unwilling to accept jobs that are perhaps better and more challenging, because they are unable to endure the relatively remote danger of such uncertainty.

In conclusion it will perhaps not be superfluous to point out that all these problems are the birth and growth pains of a new form of business organization. When Napoleon's generals asked him before a campaign what they would do if this or that happened, his usual answer was: "We will proceed and see what happens." Associations will not solve all our problems, but they have unquestionably added new color to the economy's palette and will help us to finally develop a sorely needed small-enterprise model.

1014
CSO: 2500/394

ROMANIA

INTERVIEW WITH SECRETARY OF COMMERCE BALDRIGE

Bucharest ROMANIA LIBERA in Romanian 20 May 81 p 6

[Interview with Malcolm Baldrige, U.S. secretary of commerce, chairman of the American side of the Romanian-American Joint Economic Commission, by Crina Sirbu: "I Was Extremely Impressed With the Positions of President Nicolae Ceausescu"]

[Text] The conclusions of the discussions which took place recently in Bucharest, during the proceedings of the 7th session of the Romanian-American Joint Economic Commission, took concrete form in the measures included in the protocol signed on this occasion and in the contracts and agreements for collaboration in the fields of energy, machine building, light industry and other sectors. Evaluating the character of the talks as fruitful and expressing the conviction that this session will contribute to the intensification of exchanges and of bilateral cooperation, including cooperation on third markets, the chairman of the Romanian side, Cornel Burtica, deputy prime minister of the government, minister of foreign trade and international economic cooperation, stressed, at the conclusion of the 2 days of talks, the importance of the fact that aspects of major interest in relations between Romania and the United States were also treated at the time of the reception by President Nicolae Ceausescu of the high-ranking U.S. dignitary. On this occasion, the common desire to expand relations between the two countries and peoples, in their mutual interest and in the interest of international collaboration and peace, was reaffirmed.

As a moment of certain reference for these new Romanian-American contacts, the meeting with the president of Romania was, naturally, the first subject brought up in the interview which Malcolm Baldrige, the U.S. secretary of commerce, kindly gave to our newspaper. He told us:

[Baldrige] I was very happy and honored to have the 2-hour meeting which President Nicolae Ceausescu was especially kind in granting to me. We referred to a wide range of subjects, bilateral trade, our economic relations, an entire spectrum of international issues, and various developments. I conveyed to President Nicolae Ceausescu a personal greeting from President Ronald Reagan, together with his expressed desire that our friendship and our contacts should be extended in the future, by both sides, as they have been developed in the past. I believe that this meeting will contribute to the continued expansion of our collaboration. It was a comprehensive and sincere conversation, the results of which I will be very happy to share with President Reagan. I know that he will be especially interested. Actually, the administration came into office only about 3 months ago and we are still working out our positions in regard to many international issues. Personally, I have been delighted by the fact that the president of Romania has been very sincere and very open in the opinions expressed since I believe that these opinions are some of the things which President Reagan must keep in mind in his decisions in regard to the future. I was very much impressed with the positions of President Nicolae Ceausescu and when I get home I will present them, with much pleasure, to President Reagan, and they will give him much food for thought.

[Question] On the whole, how do you evaluate the proceedings of the Joint Commission, upon its conclusion?

[Answer] Both sides have continually worked to conclude the proceedings, to work out the protocol signed, which was the result of 2 days of intense activity. And if in relations between our countries, just as in relations between any countries, there are still some problems to be resolved, we have--as I have said before--many more possibilities for cooperation than problems. The problems are few and I believe that we will solve them before the next session of the Joint Commission, expanding our collaboration so that the final result will be, in fact, the development of bilateral trade, which has been developing continually up to the present. I would like to thank, once again, our hosts, our Romanian friends, and express the appreciation of the entire American delegation for the hospitality which it has enjoyed, for the spirit of great collaboration and work in which the proceedings of the Joint Commission took place.

[Question] The successes obtained in bilateral trade which--as you mentioned--exceeded $1 billion in 1980, might, thus, be able to find new expression.

[Answer] Romanian-American trade has increased in recent years and continues to increase and the most favored nation clause applied to Romania has contributed to this. I believe that at the next meeting of the Joint Commission, next year, we will be able to make even greater progress than we have so far, in the area of trade between our countries.

[Question] This is a development which is presented as an integral part of relations between the United States and Romania, on multiple levels.

[Answer] I consider that, in general, bilateral relations have been extended more than anyone could have imagined initially. As we said, our trade is progressing on a steady basis and this has given impetus to Romanian-American contacts. We have enlarged the bases of our friendship and more and more governmental missions have been initiated. The better the two peoples get to know each other the better it is for the progress of bilateral relations. This has an effect on all levels and I do not see any reason why Romanian-American relations will not continue, in the future, on the same constantly ascending line.

CSO: 2700/255

ROMANIA

MACHINE BUILDING MINISTER DISCUSSES DEVELOPMENT PLANS

Bucharest ERA SOCIALISTA in Romanian No 4, 20 Feb 81 pp 5-9, 52

[From the report of Ioan Avram, minister of the machine building industry, to the scientific session arranged by the Romanian Academy and the Academy of Social and Political Sciences entitled "The Present Technical-Scientific Revolution and Its Implications," 30 January 1981: "Machine Building As a Bearer of Technical Progress"]

[Text] As Nicolae Ceausescu said in his speech at the workers general assembly at the Bucharest 23 August Enterprise, "We must make the most determined effort to accomplish the objectives of raising the technical and qualitative standards of all activity in order to make Romanian products technically and qualitatively competitive."

The world is now going through a period of pronounced contradictions, including the one between the objective trend toward a continuing rise of the living standard (Especially since more than two-thirds of the world's population are living under conditions considered subhuman and the world's population keeps growing at a rapid rate) and the increasingly evident restrictions caused by shortages of energy and raw material resources as well as ecological limitations. Moreover the world's agriculture in its present forms can provide neither enough food nor jobs nor the rational living conditions to which the new generations aspire.

The contradiction between the increasingly scarce resources and the constantly growing needs of the present and future populations can be resolved by further industrialization, in the underdeveloped and developing countries especially. Even the economically advanced countries will have to shift to another kind of industry that will be more efficient, selective and intensive and will urgently require renovation of existing inventories.

Just as the energy crisis in the last decade, clearly foreseen by Nicolae Ceausescu, did not entail any crisis at all in the electrotechnical or electronics industries but, on the contrary, forced the development of those subsectors at impressive rates of growth and restructuring in the present, in the same way the raw materials and energy crisis is no crisis in industry but, on the contrary, compels industry to give humanity the products it needs by means of more developed procedures and much more efficient manufacturing methods. The required products must be made with much lower inputs of materials and energy, better working conditions, and much less effect upon the environment.

Further development of industry is an objective and rational necessity for modernizing society. But the changes that have taken place in the last few years require it to be done with a greater technical contribution than before, so that we can speak of a shift from extensive to intensive industrialization largely based upon the "artificial intelligence" created by the second industrial revolution. The machine building industry has an essential part to play in this evolution, and its growth rates are still high and exceed those of the other industrial sectors in practically all countries.

I think the reasons for this development are, first, that the machine building industry is the bearer of technical progress in all activities, and no developing country can be industrialized in any way without a machine building industry of its own and, second, that machine building makes the most intensive use of processed raw materials and metal. For example, the price per ton of equipment increases from 80,000-90,000 lei for relatively simple manufacturing equipment like presses, machine tools and foundry equipment to more than 500,000 lei per ton for equipment for processing metals by unconventional methods, and it reaches 1 million lei per ton for electronic equipment and precision machinery.

A third reason is that the products of the machine building industry, which also incorporate a good deal of design work, produce very great added values. Machine building can produce systems of equipment and installations for all industries that will make their fixed capital and labor forces highly productive, tending to reduce prices considerably. To take an example from the field of microelectronics, a computer (central unit and internal memory) that cost $30,000 in 1960 cost $4,000 in 1977, not counting the accessory equipment, and it will cost about $100 in 1985, being manufactured in a single silicon capsule.

Meanwhile the machine building industry can absorb manpower in a very diversified structure of occupations and levels of training, and its occupation of land is one of the most intensive. This industrial sector is characterized by low specific consumption of energy and energy-bearing materials and is also the least pollutant, to say nothing of its substantial contribution to manufacture of installations that reduce the pollution caused by other industries.

Development of machine building is accordingly an objective phenomenon in the developing countries (manufacture of installations for the first inventory) as also in the industrially advanced countries, where the need of renovating the installations and modernizing the production methods requires higher growth rates for the output of this sector than those for the investments. This leads to the basic conclusion that machine building continues to be developed as an objective necessity of the present and future periods, in view of that industry's role in social activity.

We must realize that in the next 15-20 years at least these activities will be far from easy, since much higher quantitative and especially qualitative standards will have to be met with much less resources. The machine building industry will be unable to perform its role as a bearer of technical progress and equipment of the economy without a concerted effort to renovate the products and manufacturing methods and a much greater contribution from scientific research and technological engineering incorporated in the products.

Therefore we shall also see a major structural change in the labor force as the proportion of technical and industrial-research activity in the total activity is substantially increased. This can be illustrated by one example: In the well-known Swedish Avesta enterprise for rustproof steels, equipped with machine building products and producing about 240,000 tons a year, only nine workers per shift are working directly in the production process. Most of the other approximately 2,700 employees are in design, laboratories and maintenance and repair.

Machine Building Industry in Romania

From modest beginnings the machine building industry has shown regularly high growth rates in the last 30 years, so that its contributions to the industrial output, the rate of employment of the labor force, and the social product have steadily increased.

The great progress made in Romania's balanced, dynamic and healthy development is closely bound up with consistent application of the RCP policy of Romania's socialist industrialization and Nicolae Ceausescu's tireless efforts to promote that policy. The qualities acquired by machine building under that highly competent guidance also obtain within the sector, especially in its contribution to the steady growth of the national wealth.

In 1980 machine building accounted for more than 40 percent of all industry's contribution to the national income. Last year the share of electrical engineering and electronics in our sector's total was about one-fifth, explaining the greater effectiveness of our sector than that of the other industries. The contribution of machine building to the industrial output, which is in much higher proportion than its employment of the labor force, reflects the recorded productivity. In 1980 labor productivity in machine building was 20 percent higher than that in all industry. In our sector this indicator is up about 50 percent from 1975.

Analysis of the growth rates of the various industrial sectors shows a steady dynamic and qualitative evolution of machine building. In the 1965-1980 period, the most productive one in the progress of the national economy, the machine building industry increased by more than 8 times at an average growth rate of 16 percent. Accordingly the average annual growth rate of machine building's gross industrial output is one of the highest in the national economy and in the world.

In 1980 the output of optical and precision machinery was 2.3 times greater than in 1975, that of manufacturing equipment was 1.8 times greater, that of electronic products was 2.2 times greater, that of drilling installations was 2 times greater, that of machine tools for metal processing was 2.3 times greater, and that of tractors was 1.5 times greater. In other words, some machine building subsectors were further developed to obtain more intensive modernization of the sector's structure and of the technical inventory of the economy as a whole.

This development of our sector laid the foundations for a modern industry for tractors, agricultural machines, large, high-capacity dump trucks, power equipment, and jeeps and town cars, while steam traction was replaced by the manufacture of diesel-electric locomotives, diesel-hydraulic locomotives of various capacities etc.

High growth rates averaging 12 percent are also planned for the sector in the 1981-1985 period, wherein production of precision machinery (including hydropneumatic equipment) will be increased about 3 times more than the machine building industry as a whole, the electronics industry about 2 times more, and the machine tool industry over 2.2 times more.

Thanks to this development, the Romanian machine building industry meets most of the requirements for products for the investment projects of the economy and consumer goods for the public. Intensified coverage of the requirements of the various economic sectors out of domestic production is accompanied by maximum intensification of integration (reduction of imports for production) and a major increase in the volume of exports.

Future Structural Changes in Machine Building

The present decade, which we wish to be one of "science, technology, quality and efficiency" as Nicolae Ceausescu defined it, is opening up a new stage for development of the economy on a higher level. The "technological explosion," which alone can bring about the necessary qualitative leap, is creating added socioeconomic advantages which of course have political implications through improved performances of the production processes and the most productive use of the material and manpower resources.

The symbiosis of electronics and mechanics and the association of the two industrial revolutions must be present in all sectors of the economy and enable Romanian industry to penetrate the world market, where the competition is increasingly keen. And so maximum use of computing equipment and artificial intelligence will not only enhance the individual's role in the labor process but, through much higher productivity, will shift its emphasis toward technological engineering and scientific research work and toward services and sales.

Construction of machines that make mixed mechanical-informational tools (machine tools with numerical control, flexible assembly lines, industrial robots) will be a decisive factor in the education of the future worker in any industrial sector and in enhancement of the coefficient of competence and creativeness of all those involved in the labor process. The individual must adapt to the environment newly created by the equipment of the second industrial revolution. The necessary system of machines will penetrate not only industrial production and the structures of social management but also social relations in general.

According to the decisions of the 12th Party Congress, the main goal of the machine building industry is to make the machine systems essential to the economy with its own designs and on a high technical level. They are listed in the 80 and more special programs for products and product groups that are basic to the current five-year plan and to other, more remote periods. The programs include activities from simple to complex ones, beginning with so-called horizontal, general purpose industry, through the industrial equipment industry, and ending with exploitation of reusable materials.

On the whole, our developmental programs must correspond to the major aims of more intensive development of the machine building industry's role, namely the industry's participation in the harmonious development of the counties; support of the policy to secure Romania's energy independence by making industrial equipment for maximum exploitation of domestic raw material and energy resources; participation in implementing the agrarian revolution as soon as possible and creation of technical systems permitting maximum exploitation of agricultural products; development of production of equipment for medical techniques, for the further security of public health; greatest possible provision for the quality of the production processes and of the products created through development of laboratory equipment and for scientific research;

and maintenance of the foreign balance by means of compensations with products of the machine building industry.

The qualitative changes these priorities are making are apparent in the production process, in the structure of the list of products and, last but not least, in the labor force.

I wish to discuss only a few activities apart from our sector's other priority goals farsightedly set by Nicolae Ceausescu.

In connection with machine building's effort to enhance Romania's raw material base, we shall make complete and highly productive systems of equipment for the mining industry for working underground mines as well as surface pits, power generators for inferior coals and bituminous shales, equipment for hydroelectric power stations and small electric power stations and for unconventional energy sources, equipment for nuclear power stations, depth-drilling installations and off-shore drilling rigs.

In view of Romanian agriculture's immense tasks in implementing a far-reaching agrarian revolution in this five-year plan by increasing the productivity and effectiveness of its activity, a list of machine systems suited to the crops and technological operations was agreed upon. It includes, in particular, modern automotive combines for harvesting grains (corn) in four, six and eight rows, with easily mounted multipurpose attachments, with which the field counties will be provided to cut down the harvesting time and the manpower requirement, and machine systems for operations on sloping lands with gradients up to 25°, since more than 24 percent of Romania's agricultural area consists of lands on hills and slopes.

A number of machines for processing agricultural products in agroindustrial complexes are specified, for purposes of more intensive exploitation of the agricultural products in correlation with better and more stable employment of the agricultural population.

Electrical engineering and electronics have an important part to play. The current five-year plan provides an average annual growth rate of 13 percent for those subsectors, with a spur to electronics at an annual growth rate of 20 percent because it is to assimilate computing equipment of the third and fourth generation, microprocessors, electronic components with high levels of density, performance and reliability, measurement and control electronics and power electronics, while emphasizing industrial robots and optic fiber communications. Those subsectors will develop such new sectors in Romania as aviation and nuclear electric power stations, and they will create technologies that can reduce the current inputs and intensify recovery and use of the materials for maximum satisfaction of the raw materials requirement.

Intensive development of scientific research and technological engineering will minimize imports of artificial intelligence while augmenting its export, and as we know it is the most expensive commodity on the world market today. This will consolidate Romania's position in the leading places among world producers of machine tools, petroleum equipment, locomotives etc., and other Romanian products with a high content of added value will be exported.

In conclusion, the new and modernized products to be assimilated in the current five-year plan will be 90 percent of Romanian design, and they will be 3-5 years ahead of the new production trends because of (a) design and manufacture of machines and installations incorporating less energy and conventional fuel than those on the world level, and because (b) once placed in operation, they will consume less energy, including human, throughout their whole lifetime and in maintenance work as well.

After the stage of enterprise specialisation in manufacture of certain groups of related products, in the present stage emphasis is placed upon more and more intensive promotion of "organological specialization," based on expanded modular design of the products and manufacture of the modules concentrated in specialised enterprises. The question aries of priority development of production of module systems with multiple functions (for example, high-capacity automated electric drives or industrial robots as basic elements for flexible automation of handling processes). Meanwhile more emphasis is placed on production of single-purpose modules highly important for supplementing the fittings of production lines for the material processing industry (high capacity compressors, pumps for use in hostile environments and at high temperatures, containers, heat exchangers, degassers etc.).

In this direction and in keeping with world trends, we shall progress to another conception of production organization, from single-design equipment to small-series manufacture of standardized families of equipment and installations for single operations (pulverising, grading, homogenising, filtering, dosing, evaporating etc.). In this way wide expansion of modular design and development of centralised production of modular elements with single and multiple functions will become the basic factor for a major structural change in the machine building industry with critical effects upon the effectiveness indicators.

Requirements for Optimal Quality

Throughout the whole Ministry of the Machine Building Industry about 200,000 products and product groups are produced. The degree of renovation of the products is much higher than in the other industrial sectors. While about 3,400 new and modernized products were made in the 1966-1970 period, over 5,000 were produced in the 1971-1975 period, 8,000 in the last period, and their number will reach 9,000 in 1981-1985. In connection with enhancing our products' reliability, for performance under highly competitive conditions, it is necessary to mention the following points:

-Preparation of Manufacture: In order to manufacture as many products as possible (including some highly complex ones) at such a high renovation rate and under increasing good conditions of quality and efficiency, special attention must be paid to preparations for production, with emphasis upon development of the capacities for design and production of manufacturing tools and devices.

Remember that the volume of production of tools (in the specialized units) is 2.3 times greater in this period than in the last one. The much greater durability of the tools will result in a considerable reduction of the quantities of special steels and other materials needed for their production. Machines have been assimilated for this purpose with performances suited to the work in tool shops and they considerably increase the latter's productivity, such as the machine for processing by electric disintegration (The 180 and more made so far have reduced imports by more than 100 million lei in foreign exchange in free currencies), the machine for chopping by electric disintegration with filament and the machine for drilling by coordinates.

In keeping with the trends of technical progress in the field of tool production, the main efforts of this five-year plan will result in new products and technologies for making cutting tools of superhard materials, diamond tools, cutting blades of metal carbides, etc.

- Massive supply of laboratory and research equipment: Production of laboratory and scientific research equipment is considered a vital activity today, critical to the quality and efficiency of the products and especially to technical progress in all sectors of a modern economy.

Production of such equipment is in a beginning stage in Romania. In 1981 the Ministry of the Machine Building Industry will be deeply involved in this new program for intensive development of the technical-material base of research. The program calls for an increase by about 8 times in domestic manufacture of this kind of equipment in the present period, while fulfillment of the requirement is to be increased from 26 percent in 1980 to 86 percent in 1985. In this field, the ministry's output is more than 89 percent of the total throughout the economy.

- Improved manufacturing methods: Modern methods of manufacture are necessary now more than ever because of the restrictions imposed by the energy and raw material shortage and the need of high quality and efficiency. Since at least two-thirds of the savings in metal in recent years were made in machine building by reducing the allowance for processing cast and forged parts, it is a priority for that sector to expedite a considerable modernization of the heat sectors (foundries, forges and heat treatments).

To reduce the metal and energy inputs as planned in those sectors, the casting and pressing-forging methods must be perfected first of all. In view of the trend toward far greater proportions of cast and forged parts, we shall emphasize staggered organization of the heat sectors through intensive mechanization of the big foundries and very narrow specialization of the small ones. Meanwhile we shall try to secure optimal working conditions in the foundries and forges to encourage workers to work in those sectors.

By attacking on those fronts we can further the claims to precision and quality of the cast parts while developing production of new materials for foundries and producing installation systems ensuring increasing productivity.

A large proportion of the technological cutting operations performed in machine building consists of processing the cast parts and rolled semifinished products. In this area it is first planned to considerably curtail the volume of processing by cutting through production of the semifinished products in more precise quotas, because elimination of the allowances for processing by cutting often costs more now than the initial value of the eliminated metal. In view of these considerations the MICM [Ministry of the Machine Building Industry] will develop the capacities for making sinterized parts in the 1981-1985 period, while promoting unconventional processing methods. A more pronounced evolution of production of welding equipment for manufacturing technologies is also planned, while more sharply diffentiating some capacities.

The technical standards and labor productivity of the processing sections will be enhanced by increasing the numerical of machine tools with numerical control and designing equipment to exploit the possibilities of multiservicing. We mention here that the number of machine tools with numerical control in domestic production will be increased by more than 5 times in 1981-1985.

Since more than one-third of the manpower input in machine building is in assembly and mounting operations, more emphasis than before will be placed on development of integrated systems of devices and technical resources permitting review of the assembly methods to considerably enhance labor productivity and quality.

- Maximum use of computing equipment: A direct and important part in the progress of of the heavily industrialised countries is played today (and especially in the future) by use of computing equipment in all stages of the research-design-production cycle. Romanian machine building, which has created a tradition for making this equipment and supplying it to all sectors of the economy, must expedite adequate use of its own equipment.

We shall use another method of rationally exploiting the 22 computer centers, which must become a real tool of the designer, the planner of manufacturing starts, and the manufacturer as well. Actually, we are now designing welded structures for ships by computor and we are controlling the automatic operation of drilling and other installations in groups. But we must also provide flexible manufacturing systems through modular construction of data processing systems and improvement of the connection of the computing system with the technological system, and by developing simple programming systems.

These efforts must be entirely adapted to the environment newly created by the second industrial revolution.

The RCP's policy of dynamic and balanced industrial development has also entailed major investments in machine building. Complete allocation of the funds for finishing and activating capacities under construction and eliminating bottlenecks has begun in the present period and even this year according to Nicolae Ceausescu's directions to enhance the effectiveness of investments.

Accordingly special emphasis will be placed on development of the capacities of components in so-called horizontal industry and of capacities for foundries, forges and hydropneumatic equipment and on development of the electrotechnical and electronics industries.

We note that in the course of this development the machine building industry is providing important production capacities in practically all counties according to the party's guidelines for harmonious distribution of the productive forces throughout the whole nation.

Support of the program for national economic development means maximum export of products, particulary the complex ones, on behalf of the balance of payments and in order to eliminate unwarranted imports.

There are now some important product groups like tractors, electric motors, railroad cars, passenger cars, petroleum equipment, photography equipment etc. whose export exceeds 50 percent of the output volume. This is due to the high technical and qualitative standards whereby these products are manufactured, and their high competitive power is registering on more and more foreign markets.

We are concluding specialization and cooperation agreements with many countries. The mixed company is another medium of foreign trade. The result of such collaboration will soon be seen on the national and international highways, namely the gas-conserving OLTCIT passenger car, with performances comparable to those provided by famous firms.

The new qualitative standards required by foreign trade activity will emphasize major shifts from the varieties designated for import to the domestic ones; contracting for the entire commodity reserve designated for export and promotion of long-term actions and contracts, with consistent participation of machine building in the programs for complete compensation for imports; and diversification of the list of products for export, especially those with a high content of added value, with direct effects upon improved efficiency of foreign trade activity.

Rapid Adjustment to the New Economic Mechanism

Complete application of the principles of the new economic mechanism means maximum flexibility for rapid accoplishment of the goals set for Romania's balanced development. To this end we are adopting a new way of thinking and working to sharply reduce production costs and uneconomic outlays, intesify exploitation of materials, and tighten financial discipline and preventive control.

We are giving more priority than ever to technical measures to perfect the technologies in use and to introduce the new ones to perform the necessary operations with minimum consumption of energy and materials. These measures will amount to more than 60 percent of all measures adopted in 1981, with a clear tendency to increase in the next few years.

There is a general conclusion about application of the new economic mechanism to the effect that in securing the dualism of quality and economic effectiveness, a saving in simple labor can be made only by an outlay of more complex labor. It appears paradoxical, but it is a scientific assertion that many heavily industrialized countries have applied for a long time to perfect the organization of every technological specialty, whether organological or processual. Actually, it has been proved very often that organization accumulates more artificial intelligence than technical improvement does.

In view of these realities of the integrated equipment-organization system, we intiated a number of measures to appreciably improve the use and awareness of the labor force, which alone can respond promptly to the new and to current requirements and determine them. In the present period production will be increased over 80 percent by increasing labor productivity. This requires supplementing our programs for automating and mechanizing production, reducing auxiliary and nonproductive personnel, and optimal organization of production and labor. To this end we shall better equip machine building with unit-head machine tools. We expect a 40 percent increase in their number over last year in 1981.

Moreover, organization of manufacture results in greater profits and more regular sharing in the social development fund, because it collects a greater value out of the net cut output produced. For example, a value 12 percent greater than last year is planned for machine building in 1981.

In order to adequately fulfill the tasks of balanced development of the economy and improvement of its technical standards, and in the course of the changes we are seeing, necessitated by the raw materials and energy crisis as well as the need for technical and technological progress, the MICM has drafted over 80 programs for product groups, which programs logically interact with those of other sectors.

Implementation of these programs (which were basic to the plan proposals for the 1981-1985 period) will be a first step toward Romania's energy independence and making Romania one of the medium developed countries. All together they will help to complete the second stage of the RCP Program for Construction of the Fully Developed Socialist Society.

We are among the few countries in the world with institutionalized forecasting of balanced, healthy and robust socioeconomic development. Our specialists in the subject institutes are now starting on technical-scientific forecasts up to the year 2010. In this way we can more promptly meet the demands of development of our research and planning capacity, which must sufficiently anticipate the production needs determined by our policies to raise the living standard and participate more and more fully in the international division of labor.

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BRIEFS

DEVELOPMENT OF MERCHANT FLEET--Bucharest, 21 May (AGERPRES)--Over the 1976-1981 quinquennium the Romanian merchant fleet was endowed with various types of ships summing up some 1.6 million DWT, among them crude carriers (150,000 DWT), heavy ore carriers (55,000 DWT and 56,000 DWT), cargoboats for general goods, more than four-fifths of them being built by Romanian shipyards: Constanta, Mangalia, Galati, Braila, Giurgiu, Drobeta-Turnu Severin, Oltenita and Tulcea. At present Romania's merchant fleet counts some 180 ships amounting to an approximately 2.7 million DWT total displacement, being one of Europe's modern and well developed fleets. Over the present quinquennium (1981-1985) the Romanian sea-going and inland fleet will be endowed with tens of modern ships summing up a total 1.7-2 million DWT, many of them built by Romanian shipyards. The fabrication programme includes ships for the transport of trailers, cars and containers, 150,000 DWT crude carriers, 55,000 DWT and 65,000 DWT ore carriers, ocean fishing ships, multipurpose sea-going tug boats--ice breakers, rescue ships, boats for towing deep-sea drilling rigs, ships for collecting hydrocarbons from the water, scientific ships meant for marine studies, for research into treasure, etc. The Romanian shipbuilding industry also keeps turning out a series of ships for foreign beneficiaries. Consequently, at present many Romanian ships sail the seas and oceans of the planet under various flags: Soviet, Japanese, Yugoslavia, Egyptian, Polish, Indian, Chinese, Norwegian, Vietnamese. They scored remarkable results in operation, being endowed with modern equipment. [Text] [AU211128 Bucharest AGERPRES in English 1143 GMT 21 May 81]

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YUGOSLAVIA

FOREIGN EXCHANGE NEEDS DISCUSSED

Zagreb VJESNIK in Serbo-Croatian 25 Apr 81 SEDAM DANA supplement p 6

[Article by Djuro Zagorac]

[Text] Yugoslavia's misfortune is that more concern is directed at how to distribute or "associate" earned foreign exchange, and less at how to earn more foreign exchange. In these relationships it is clear that the "foreign exchange fever" rises more and more every day.

Never in the past have we [the Yugoslavs] encountered such a shortage of foreign exchange than during last year and this year. Because of the general scramble, the foreign exchange equivalent dinar has become a rarity on the capital market, and thereby it has also become a rare value. In that scramble economic bonds are dissolved, production stoppages occur and there are shortages on the market place. Does that mean that in many economic areas, foreign exchange embitters our life?

Where did that come from, and must it be that way?

Last year we earned 499.50 billion foreign exchange equivalent dinars. That was a record number. Why then is there no foreign exchange money on the market?

It is not easy to give a precise answer, and therefore we will invite the reader to a joint inspection, to see how and in what quantities we earn foreign exchange, and then how much and why we spend it. Let us start out, slowly.

Last year Yugoslav goods and services made up only 0.39 percent of total world commerce. Practically speaking, that means that our share in world trade has constantly declined over the past few years. For example, 5 years ago the Yugoslav share amounted to 1.46 percent. In imports, the situation is strikingly different. Last year Yugoslavia's share of total imports in world trade was 0.68 percent.

2:1 for Exports

When we compare imports and exports with 20 European countries (excluding Albania), it is easy to perceive Yugoslavia's lag. For example, last year we exported $282 per capita, while importing $550 per capita. Both of these numbers are quite small, but they point out our first malady: for every dollar we export, we import two dollars worth of goods and services. With that ratio, in comparison to the 20 European countries, we are in next-to-last place in exports (only the Soviet Union is behind us), and we are in the third place from the end for imports. Another statement would be that the ratio of Yugoslav exports to imports is the least favorable in relation to the countries with which we are being compared. The greatest exports and imports per capita is achieved by the Netherlands, among European countries, with more than $4,000 per inhabitant.

Last year Yugoslavia's chief trade partners were the USSR, the FRG, Italy, the United States, Iraq, Czechoslovakia, France, Austria and the GDR. This accounted for 68 percent of total trade, which we carry on with more than 100 countries of the world. The lag in exports is also borne out by the fact that last year exports involved only about 10 percent of the total social product, while in 1976 they were markedly higher at 14.2 percent.

In 1980 Yugoslavia exported goods and services worth 383,630,000,000 dinars, while importing 458,620,000,000 dinars. There was defeat on all fronts, even in food production, where Yugoslavia imported 1.2 billion dinars more than it exported. The negative balance in trade also affected prices, with those for Yugoslav exports increasing by 19 percent while import prices rose by 20 percent. When we consider that most of our imports are raw materials and semi-processed materials, which rose in price by fully 26 percent, then we can quickly calculate the amount of our losses on the basis of price differences.

Money Transfers With Returns

It is known that Yugoslav capital influx for other than trade in goods has been very significant, that is has grown constantly and that is has always been greater than the outflow. Because of that fact, the producers of goods and many others have dozed, hoping that the non-goods influx would cover the goods deficit in world trade. The non-goods influx justified that expectation only in 1976, when it was 1.8 billion dinars greater than the trade deficit in goods. That situation, however, has not repeated.

Here is the balance for last year's Yugoslav non-goods trade with other world countries.

The largest category in non-goods influx for years has been money transfers by Yugoslav workers and emigres. This held true last year as well, with the total influx reaching 110,160,000,000 dinars, and the outflow, 68,550,000,000 dinars. It is remarkable here that the outflow constantly increases. For example, in 1976 the outflow was only 25 percent of the influx, while last year more than 60 percent of the money transfers that came from foreign countries were returned to those countries.

In second place, according to total non-goods inflow of foreign exchange, was transportation, which last year brought in 45.6 billion, while the expenditures amounted to 22.9 billion dinars. Until 1969, transportation accounted for the largest share of non-goods foreign exchange influx, but after that it lagged. When we consider Yugoslavia's geographic position, the present foreign exchange income from transportation is unacceptably low.

A significant share of the non-goods influx also comes from tourism, which last year amounted to 41 billion dinars in foreign exchange. The outflow for tourism has also grown from year to year, however, due to increased travel abroad by Yugoslav citizens. In 1976 the outflow for tourism amounted to 9.6 percent of the influx, while in 1980 it surpassed 15 percent.

Capital construction projects also bring foreign exchange into Yugoslavia. They amounted to 10,760,000,000 dinars last year. The outflow for this purpose reached 5,840,000,000 dinars, more than 54 percent of the influx. That outflow has also been rising constantly in recent years.

We realize and spend foreign exchange through bank fees also. Last year Yugoslavia earned 5,380,000,000 on such fees, but we spent 35 billion dinars on such fees to foreign banks. To those can be added insurance transactions, foreign expenses of Yugoslav organizations of associated labor, provisions, premiums and representation abroad where last year we brought in 41.3 billion dinars in foreign exchange, while spending 15.1 billion dinars in foreign exchange for such services.

How Much Do We Owe?

At the end of 1980, we owed 18.22 billion dollars to foreign trade partners, while at the same time we had accounts receivable abroad amounting to 1.53 billion dollars. That means a net debt of 16.59 billion dollars.

In determining whether or not that debt is too great, it must be stated that the indebtedness of a country is measured as a rate of indebtedness: If that rate is less than 25 percent of current foreign currency income in convertible foreign exchange, then the rate of indebtedness is regarded to be acceptable and normal. In terms of the rate of indebtedness, up until 1972 Yugoslavia was constantly overburdened, because we were using 40 percent and more of our foreign exchange income to pay for credit. Since that year the relationship has been different, more favorable. Payments have constantly been below 25 percent.

Finally, we can sum up as follows: last year our total foreign exchange influx from all sources was 499,580,000,000 dinars, while outflow for all expenditures was 562,140,000,000 dinars, leaving a deficit of 62,560,000,000 dinars. Where is the way to cover this balance of payments deficit, to avoid shortages of foreign exchange, or in other terms, to assure the amount of foreign exchange we need at our present level of development?

The only true solution is to export more than we import. We know that our foreign debts (about 70 percent of them) have come from investments in the most modern equipment and technology. Products from those capital investments should be sold on world markets in significantly greater quantities. The greatest hindrance to achieving that goal is the high level of prices for those products, and we must resolve that problem quickly and effectively, for as long as we import twice as much as we export, we cannot assure better supplies, or a successful resolution of the problem of foreign exchange shortages.

The present foreign exchange difficulties can be significantly eased by the non-goods influx, particularly transportation and tourism, but the process of establishing ties and associations between economic organizations in those sectors is progressing slowly, so many trains are passing us by, and with them goes the foreign exchange.

From all that has been said, an additional conclusion emerges: currently we are more concerned about how to distribute or "associate" earned foreign exchange than we are about how we can earn more of it. In those relationships, the "foreign exchange fever" is higher than it deserves to be in economic terms.

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CSO: 2800/229

EXPORTS OF LIVESTOCK, MEAT FOR 1979, 1980 GIVEN

Belgrade GLASNIK POLJOPRIVREDNE PROIZVODNJE, PRERADE I PLASMANA in Serbo-Croatian No 4, Apr 81 pp 49-50

[Article by Milenko Nikitovic]

[Text] The value of exports of livestock and livestock products in 1980 amounted to a total of $361 million. The value of exports increased 11 percent over 1979, but the volume remained almost unchanged. That is, exports of young beef on the hoof were down 10 percent, lamb was down 2 percent, horses down 26 percent and canned beef products 20 percent, while exports of young beef meat were up 29 percent and exports of canned pork products up 15 percent (Table 1). During 1980 there were no exports of pork and lard. In other words, we can say that in quantitative terms exports are still staying at the same level, but they are up in value because of inflation and higher prices on the world market.

Table 1. Survey of Exports of the Most Important Products, in tons

Indicators	1979	1980
Young beef on the hoof	19,551	17,584
Young beef meat	44,640	57,635
Lamb	3,118	3,065
Horses	39,316	25,427
Canned pork products	25,057	28,884
Canned beef products	4,055	3,241
Poultry meat	200	1,560
Total	136,297	137,740

The value of exports of young beef meat was $142 million, which is 29 percent more than in 1979. Exports were down 30 percent in quantity from the record export of 82,000 tons in 1968. Exports were still oriented toward Greece (68 percent), Italy (17 percent), Iraq (7 percent) and Iran (5 percent). However, exports to Greece were halted back on 2 November 1980 since we were asking higher prices which the Greeks did not accept. In January 1981 we encountered an obstacle because of Greece' membership in the Common Market, where at present no concessions whatsoever are envisaged for exports of our baby beef. That is, Brussels refers us to the agreement between Yugoslavia and the EEC in which Yugoslavia can annually export 34,999 tons of young beef to western Europe, subject of course to the variable levy that depends on the relationship between the market price of livestock in the EEC and the reference price. Since the market price has regularly been below the reference price, the variable levy has been rather high which we pay on our exports to Italy, where every year we sell about 10,000 tons of baby-beef hindquarters. It is understandable that we have a problem in finding a market for the 40,000-50,000 tons of young beef which we have been selling every year to Greece. According to the program for promotion and growth of exports of all commodities, including young beef, our plan called for exporting between 80,000 and 100,000 tons. In spite of the program for increasing the production and export of young beef and cattle beef, a problem with markets is arising.

The war in the Near East has disrupted our exports to the market of Iran and Iraq, where under normal conditions we could sell certain amounts of beef and especially mutton and lamb.

We would also have to examine very quickly the exports of beef to the USSR, since in practice the Soviet market can absorb all amounts of beef which we have for export. This also applies to pork and poultry meat. Exports of canned meat products have attained a value of $86 million and for the first time in the past decade exceeded a volume of 30,000 tons, while the record was way back in 1965, when 35,000 tons were exported. This value was mainly achieved by increasing exports to the Soviet market, where exports amounted to $48 million (more than threefold the 1979 figure).

For the first time the market of the United States has given up first place in our exports of canned ham, since exports dropped from $56 million in 1978 to $28 million in 1980. First there was a large drop in the price of live hogs in the United States, which also brought about a drop in the price of canned products. Then there was a shortage of pork in Yugoslavia, which had a drastic effect on our exports of canned meat products to the United States. Unfortunately, this trend has continued this year as well.

Exports of canned beef products have continued to drop because of the high prices of beef on the domestic market and also because of the outdatedness of the processing plants in Serbia where this type of canned product is mostly produced.

At the same time imports of food have been increasing and reached a value of $992 million in 1980, while exports of food amounted to $1,023 million. It is a favorable factor that our agricultural exports have for the first time reached and exceeded a value of $1 billion, but it is very adverse that food imports have also come close to that same value. As for the livestock-raising sector, we should mention imports of meat, which in 1980 attained a value of $94 million. That is, we imported 60,000 tons of beef, 10,000 tons of pork and 10,000 tons of butter and dairy products, for a total of more than $100 million. If we add to that imports of grains valued at $300 million, this means that we are paying $400 million to import products which we ought to be exporting instead of importing. The balance of trade is especially unfavorable for meat, since for the second year in a row we are importing a larger quantity than we are exporting.

Forecasts for 1981 are not optimistic with respect to exports of farm products. Difficulties in marketing baby beef because of the very scarce supply of young beef for fattening, the declining exports of canned pork products and the impossibility of our repeating our exports of sugar and oil will detract considerably from our trade balance for food as compared to 1980. There is nothing for us to do except to be more energetic in performing the tasks in the medium-term plan for development of the agroindustrial complex in the period 1981-1985 so as to increase the production of grains, meat, sugar and oil. This is the only response to the present situation and to the food shortage.

The medium-term plan for development covering the period 1981-1985 should break new ground in food production and in our exports as well. The food issue is not just important in our country; it will remain an urgent one up to the end of this century if the year 2000 is not to mark man's dramatic struggle to feed himself.

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